

N.B.: This document is based on the text of the regulation that is currently in effect and printed in the California Code of Regulations (“CCR”) as of June 22, 2004. Changes to the CCR text are shown in strikeout/underline style. When a current section is moved to another location, it is shown in strikeout in its old location (for example, section 12206) and in underline in its new location (for example, section 12200.3). Several moved sections have, in addition, been amended.

Title 4, California Code of Regulations, Division 18

Chapter 2.1. Third-Party Providers of Proposition Player Services: ~~Interim~~ Registration; Licensing

Article 1. Definitions and General Provisions

Article 2. Registration

Article 3. Licensing

Chapter 2.2 Gambling Businesses: Registration; Licensing

Article 1. Definitions and General Provisions

Article 2. Registration

Article 3. Licensing

**Chapter 2.1. Third-Party Providers of Proposition Player
Services ~~Interim~~ Registration; Licensing**

Article 1. Definitions and General Provisions

Section 12200	Definitions
Section 12200.1	Certificate
Section 12200.3	Badge
Section 12200.5	Replacement or Transfer Badge
Section 12200.7	Proposition Player Contract Criteria
Section 12200.9	Review and Approval of Proposition Player Contracts
Section 12200.11	Renewal of Proposition Player Contracts
Section 12200.13	Playing Book
Section 12200.14	Organization Chart and Employee Report
Section 12200.15	Transfers and Sales
Section 12200.16	Inspections and Investigations
Section 12200.17	Emergency Orders
Section 12200.18	Revocation
Section 12200.20	Annual Fee

1 Section 12200.21 Compliance

2

3 **Article 2. Registration**

4

5 Section 12200.25 Transition to Licensing

6 Section 12201 Registration

7 Section 12202 Application for Registration

8 Section 12203 Processing of Applications for Initial and
9 Renewal Registration

10 Section 12204 Ineligibility for Registration

11 Section 12205 Cancellation of Registration

12 Section 12206 Badge [To be repealed]

13 Section 12207 Proposition Player Contract Criteria
14 [To be repealed]

15 Section 12208 Review and Approval of Proposition Player
16 Contracts [To be repealed]

17 Section 12209 Playing Books [To be repealed]

18 Section 12210 Transfers and Sales [To be repealed]

19 Section 12211 Inspections [To be repealed]

20 Section 12212 Compliance [To be repealed]

21 Section 12213 Revocation [To be repealed]

1 Section 12214 Emergency Orders [To be repealed]

2 **Article 3. Licensing**

3 Section 12218 Request to Convert Registration to License

4 Section 12218.5 Withdrawal of Request to Convert
5 Registration to License

6 Section 12218.7 Processing Times--Request to Convert
7 Registration to License

8 Section 12218.11 Ineligibility for Licensing

9 Section 12218.13 Term of License

10 **Article 1. Definitions and General Provisions**

11

12 **Section 12200 Definitions**

13 (a) Except as otherwise provided in subsection (b), the definitions in Business
14 and Professions Code section 19805 shall govern the construction of this
15 chapter.

16 (b) As used in this chapter:

17 (1) “Applicant” means the applicant for registration or licensing under
18 this chapter, including in the case of an owner that is a corporation,
19 partnership, or any other business entity, all persons whose

1 registrations or licenses are required to be endorsed upon the primary
2 owner's registration or license certificate.

3 (2) "Authorized player" means an individual associated with a particular
4 primary owner whose badge authorizes play in a controlled game on
5 behalf of the primary owner, including the primary owner, all other
6 owners, all supervisors, and all players. "Authorized player" does not
7 include funding sources. Only authorized players may perform the
8 functions of a supervisor or player.

9 ~~(2)~~(3) "Badge" means a form of identification issued by the Commission
10 identifying a registrant or licensee. A badge authorizing play in a
11 controlled game shall be of a distinctly different color than a badge
12 that identifies a registrant or licensee, but does not authorize play.

13 ~~(3)~~(4) "Bureau" means the Bureau of Criminal Identification and
14 Information of the California Department of Justice.

15 ~~(4)~~ (5) "Commission" means the California Gambling Control
16 Commission.

17 ~~(5)~~ (6) "Deadly weapon" means any weapon, the possession or concealed
18 carrying of which is prohibited by Penal Code section 12020.

19 ~~(6)~~ (7) "Division" means the Division of Gambling Control in the California
20 Department of Justice. Information that this chapter requires to be
21 sent to the Division shall be submitted in writing to the Sacramento
22 office of the Division.

1 ~~(7)~~ (8) “Executive Director” means the Executive Director of the
2 Commission or such other person as may be designated by the
3 Commission.
4

5 ~~(8)~~ (9) “Funding source” means any person that provides financing,
6 including but not limited to loans, advances, any other form of credit,
7 chips, or any other representation or thing of value, to an owner-
8 registrant or owner-licensee, other than individual registrants under
9 Subsection (d) of Section 12201 or licensees. “Funding source” does
10 not include any federally or state chartered lending institution or any
11 of the following entities that in the aggregate owns at least one
12 hundred million dollars (\$100,000,000) of securities of issuers that are
13 not affiliated with the entity:
14

15 (A) Any federally-regulated or state-regulated bank or savings
16 association or other federally- or state-regulated lending
17 institution.
18

19 (B) Any company that is organized as an insurance company, the
20 primary and predominant business activity of which is the
21 writing of insurance or the reinsuring of risks underwritten by
22 insurance companies, and that is subject to supervision by the
23 Insurance Commissioner of California, or a similar official or
24 agency of another state.
25

26 (C) Any investment company registered under the federal

1 Investment Company Act of 1940 (15 U.S.C. sec. 80a-1 et
2 seq.).

3
4 (D) Any retirement plan established and maintained by the United
5 States, an agency or instrumentality thereof, or by a state, its
6 political subdivisions, or any agency or instrumentality of a
7 state or its political subdivisions, for the benefit of its
8 employees.

9
10 (E) Any employee benefit plan within the meaning of Title I of the
11 federal Employee Retirement Income Security Act of 1974 (29
12 U.S.C. sec. 1001 et seq.).

13
14 (F) Any securities dealer registered pursuant to the federal
15 Securities Exchange Act of 1934 (15 U.S.C. sec. 78a et seq.).

16
17 (G) Any entity, all of the equity owners of which individually meet
18 the criteria of this paragraph ~~(8)~~ (9).

19
20 ~~(9)~~ (10) “Gambling Control Act” or “Act” means Chapter 5 (commencing
21 with Section 19800) of Division 8 of the Business and Professions
22 Code.

23
24 (11) “License” means a license issued by the Commission pursuant
25 to article 3 of this chapter.

26 (A) There are four license categories entitling the holder to

1 provide third-party proposition player services:

2 (i) primary owner,

3 (ii) owner, if issued a playing badge,

4 (iii) supervisor, and

5 (iv) player.

6 (B) All other employees of the primary owner who are
7 present in the gambling establishment during the
8 provision of proposition player services under the
9 primary owner's proposition player contract shall be
10 licensed as "other employee" and shall be required to
11 submit an application and be approved or denied based
12 upon the same criteria that apply to a player.

13
14 (12) "Licensee" means a person having a valid license.

15
16 (13) "Organization chart" means a chart that identifies the names and
17 titles of all owners, as defined in section 12201, supervisors, and any
18 persons having significant influence over the operation of the entity or
19 provision of proposition player services; the percentage of ownership,
20 if any, held by each identified individual or entity; and the reporting
21 relationship for each identified individual or entity.

22 ~~(10)~~ (14) "Owner" includes all of the following:

23 (A) A sole proprietor, corporation, partnership, or other
24 business entity that provides or proposes to provide third

1 party proposition player services as an independent
2 contractor in a gambling establishment,

3 (B) Any individual specified in ~~subdivision (d) of Section~~
4 ~~42204~~ Business and Professions Code section 19852,
5 subdivisions (a) through (h), and

6 (C) Any funding source.

7 ~~(14)~~ (15) “Playing Book” means a record documenting each session of
8 play by a third-party proposition player.

9
10 (16) “Preference” means and is limited to both of the following if
11 sanctioned by house rule or otherwise directed by the house or its
12 employees:

13 (A) Any priority in the continuous and systematic rotation of the
14 deal, as required by Penal Code section 330.11, such that a
15 registrant becomes entitled by reason of the priority to
16 occupy the player-dealer position more often than other
17 players. Nothing in this paragraph precludes the house from
18 assigning a particular seat to a registrant.

19 (B) Any advantage to the registrant over other players in the
20 placement of wagers.

21 ~~(12)~~ (17) “Primary Owner” means the owner specified in subparagraph
22 (A) of paragraph ~~(10)~~ (14) of this subsection.

1 ~~(13)~~ (18) “Proposition player” or “player” means an individual other than
2 an owner or a supervisor who provides third-party proposition player
3 services in a controlled game.

4 ~~(14)~~ (19) “Proposition player contract” or “contract” means a written
5 contract, the terms of which have been reviewed and approved by the
6 Division, between the holder of a state gambling license and a primary
7 owner acting as an independent contractor for the provision of third-
8 party proposition player services in the gambling establishment.

9 (20) “Rebate” means a partial return by an authorized proposition player of
10 chips or money to a patron who has lost the chips or money to the
11 authorized player through play in a controlled game at a gambling
12 establishment.

13 ~~(15)~~ (21) “Registrant” means a person having a valid registration.

14 ~~(16)~~ (22) “Registration” means a registration issued by the Commission
15 pursuant to this chapter. There are ~~three~~ four registration categories
16 entitling the holder to provide third-party proposition player services:
17 primary owner, owner, supervisor, and player. All other employees of
18 the primary owner who are present in the gambling establishment
19 during the provision of proposition player services under the primary
20 owner’s proposition player contract shall be registered as “other
21 employee.” ~~The holder of an owner’s registration~~ A primary owner
22 issued a playing badge and an owner issued a playing badge may also
23 perform the functions of a supervisor or player, and the holder of a
24 supervisor’s registration or license may also perform the functions of

1 a player. No registrant, other than an owner issued a playing badge,
2 supervisor, or player, may possess, direct, or otherwise control
3 currency, chips, or other wagering instruments used for play in the
4 performance of a proposition player contract. An individual
5 registered or licensed as an “other employee” may not function as a
6 player unless and until that individual applies for and obtains a
7 registration or a license as player.

8 ~~(17)~~ (23) “Session of play” as used in Section 12200.13 (“Playing
9 Books”) means a continuous workshift of third-party proposition
10 player services provided by an individual proposition player.

11 ~~(18)~~ (24) “Supervisor” means an individual who, in addition to any
12 supervisory responsibilities, has authority, on behalf of the primary
13 owner, to ~~direct or provide~~ provide or direct the distribution of
14 currency, chips, or other wagering instruments to players engaged in
15 the provision of third-party proposition player services in a gambling
16 establishment.

17 (25) “Supplemental information package” means all of the documentation
18 and deposits required by each of the following forms (which are
19 hereby incorporated by reference) to be submitted to the Commission
20 in response to a summons issued by the Division pursuant to Section
21 12200.25:

22
23 (A) Primary owners as defined in Section 12200(b)(17), shall
24 complete the form Level IV Supplemental Information-

1 Providers of Proposition Players and Funding Sources (DGC-
2 APP. 035, Rev. 06/04) for a level IV investigation.

3
4 (B) Owners, as defined in Section 12200(b)(14), that are a natural
5 person shall complete the form Level III Supplemental
6 Information-Individual (DGC-APP 034A, Rev. 06/04) for a
7 level III investigation.

8
9 (C) Owners, as defined in Section 12200(b)(14), that are not a
10 natural person shall complete the form Level III Supplemental
11 Information-Business (DGC-APP. 034B, Rev. 06/04) for a
12 level III investigation.

13
14 (D) Supervisors, as defined in Section 12200(b)(24), shall complete
15 the form Level I Supplemental Information (DGC-APP. 033,
16 Rev. 06/04) for a level II investigation.

17
18 (E) Other employees and players, as defined in Section
19 12200(b)(11)(B) and 12200(b)(18), shall complete the form
20 Level I Supplemental Information (DGC-APP. 032, Rev.
21 06/04) for a level I investigation.

22 ~~(19)~~ (26) "Third-party proposition player services" or "proposition player
23 services" means services provided in and to the house under any
24 written, oral, or implied agreement with the house, which services
25 include play as a participant in any controlled game that has a rotating
26 player-dealer position as permitted by Penal Code section 330.11.

1 “Proposition player services” also includes the services of any
2 supervisors, as specified in paragraph ~~(18)~~ (24) of this subsection.

3 (27) “TPP” means “third party proposition.” This abbreviation is used in
4 Section 12200.3 and in prescribing titles used on registrant and
5 licensee badges, for example, “TPP Player Registrant.”

6 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

7 **Reference:** Sections 19805 and 19984, Business and Professions Code

8
9 **Section 12200.1 Certificate**

10 (a) The Commission shall issue a registration or license certificate, as
11 applicable, to each primary owner.

12 (b) The Commission shall endorse upon each certificate the names of all other
13 owners affiliated with the primary owner.

14 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

15 **Reference:** Section 19984, Business and Professions Code

16
17 **Section 12200.3 Badge**

18 (a) All individuals registered or licensed as primary owners, owners,
19 supervisors, players, or other employees of the primary owner shall wear in
20 a prominently visible location a numbered badge issued by the Commission

1 when present in a gambling establishment during the provision of
2 proposition player services under the proposition player contract that covers
3 the registrant or licensee. If an individual ceases to be employed by or
4 affiliated with a particular primary owner, that individual shall surrender his
5 or her badge to the primary owner. The primary owner shall notify the
6 Commission and the Division in writing within 10 days of the change in
7 status using the Change of Status Form for a Proposition Player Services
8 Registration (CGCC-441, New 6/04), which is hereby incorporated by
9 reference. Any primary owner receiving a badge from an individual
10 formerly employed by or affiliated with the primary owner shall return the
11 badge to the Commission within 10 days of receiving the badge from the
12 holder.

13 (b) The words “TPP PLAYER REGISTRANT,” “NON-PLAYER TPP
14 REGISTRANT,” “TPP PLAYER LICENSEE,” OR NON-PLAYER TPP
15 PLAYER LICENSEE” in capital letters shall be prominently displayed on
16 the front of the badge. The first name of the registrant or licensee shall
17 appear on the front of the badge. The full name of the registrant or licensee
18 shall be printed on the reverse side of the badge, together with the
19 registrant’s or licensee’s category of registration or licensing as an owner,
20 supervisor, player, or other employee.

21 (c) On the badge, there shall be displayed the picture of the registrant or
22 licensee submitted with the application, the badge number, and expiration
23 date. On the badge there shall be displayed the name of the primary owner
24 employing the registrant or licensee, which shall be the fictitious business

1 name, if any, established pursuant to Chapter 5 (commencing with Section
2 17900) of Part 3 of Division 7 of the Business and Professions Code.

3 (d) Upon renewal of each registration and upon issuance of each registration or
4 license, authorized players shall be issued a badge of one color; individuals
5 not authorized to play shall be issued a badge of a distinctly different color.

6 (e) An individual registered as a player with a particular primary owner shall
7 apply for and obtain a new badge before beginning to work for an additional
8 primary owner.

9 (f) Registration, licenses, and badges are specific to the primary owner. TPP
10 player services cannot be provided without first applying for and obtaining a
11 registration, license, or badge.

12 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

13 **Reference:** Section 19984, Business and Professions Code

14

15 **Section 12200.5 Replacement of Badge**

16

17 (a) Upon application, the Executive Director or other person designated by the
18 Commission shall issue a replacement badge if all of the following
19 conditions are met:

20 (1) The applicant has a current valid registration or license.

21 (2) The application is complete and has been submitted on the form

22 Request for Replacement Proposition Player Services Badge (CGCC-
23 438, New 06/04).

1 (3) The applicant has supplied all of the following to the

2 Commission:

3 (A) A two by two inch color passport-style photograph taken

4 no more than 30 days before submission to the

5 Commission of the badge replacement or transfer request.

6 (B) A nonrefundable \$25.00 fee payable to the Commission.

7 (C) The category of the position and information concerning the
8 primary owner for which the replacement badge is requested:

9 the name of the primary owner, mailing address, voice

10 telephone number, facsimile number (if any), and email address

11 (if any).

12 (D) A statement under penalty of perjury that a replacement badge

13 is needed due to loss or destruction of the originally issued

14 badge.

15 (b) A replacement badge issued pursuant to this section shall be valid during the

16 unexpired term of the previously issued registration or license.

17 (d) Upon issuance of the replacement badge, the previously

18 issued badge for that third-party proposition services provider shall become

19 void and shall not be used.

20 (e) Replacement badges shall be issued by the Commission within seven days of

21 receipt of a complete application.

22
23 **Section 12200.6 Transfer of Player Registration or License**

1 (a) Upon application, the Executive Director or other person designated by the
2 Commission shall issue a player transfer badge if all of the following
3 conditions are met:

4 (1) The applicant has a currently valid registration or license.

5 (2) The application is complete and has been submitted on the form
6 Request for Transfer of Third Party Proposition Player
7 Registration/License (CGCC-439, New 06/04).

8 (3) The applicant has supplied all of the following to the
9 Commission:

10 (A) A two by two inch color passport-style photograph taken
11 no more than 30 days before submission to the
12 Commission of the badge transfer request.

13 (B) A nonrefundable \$250.00 fee payable to the Commission.

14 (C) The names of the current and future primary owner, mailing
15 address, voice telephone number, facsimile number (if any),
16 and email address (if any).

17
18 (b) A transfer badge issued pursuant to this section shall be valid during the
19 unexpired term of the previously issued registration or license.

20 (d) Upon issuance of the transfer badge, the previously
21 issued badge for that third-party proposition services provider shall become
22 void and shall not be used.

23 (e) Transfer badges shall be issued by the Commission within seven days of
24 receipt of a complete application.

25 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

26 **Reference:** Section 19984, Business and Professions Code

Emergency readoption/amendment: Proposition Player Regulation

Thursday, June 24, 2004, page 17

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Section 12200.7 Proposition Player Contract Criteria

- (a) All proposition player contracts shall be subject to, and superseded by, any changes in the requirements of regulations adopted under Business and Professions Code section 19984 that conflict with or supplement provisions of the proposition player contract.
- (b) Each proposition player contract shall specifically require all of the following to be separately set forth at the beginning of the contract in the following order:
- (1) The names of the parties to the contract.
 - (2) The effective dates of the contract.
 - (3) The specific name of the Division-approved gaming activities for which proposition player services will be provided.
 - (4) The maximum and minimum number of gaming tables available to the proposition player provider service.
 - (5) That no more than one owner, supervisor, or player from each provider of proposition player service shall simultaneously play at a table.
 - (6) The hours of operation that proposition player services will be provided.

- 1 (7) A detailed description of the location, applicable security measures,
2 and purpose of any currency, chips, or other wagering instruments that
3 will be stored, maintained, or kept within the gambling establishment
4 by or on behalf of the primary owner.
- 5 (8) That proposition player services shall be provided in the gambling
6 establishment only in compliance with laws and regulations pertaining
7 to controlled gambling.
- 8 (9) That proposition player services may be provided only by authorized
9 players with current registration or licensing under this chapter.
- 10 (10) That the primary owner shall provide the gambling establishment with
11 a copy of its registration or license certificate, and that the gambling
12 establishment shall maintain the certificate on file, together with a
13 copy of the proposition player contract applying to that establishment.
- 14 (11) That a registrant or licensee may not provide proposition player
15 services in a gambling establishment for which the registrant holds a
16 state gambling license, key employee license, or work permit.
- 17 (12) That collection fees charged by the house for participation in any
18 controlled game shall be the same as those charged to other
19 participants during the play of the game.
- 20 (13) The initial number that will be used for the sequentially numbered
21 forms.
- 22 (14) Any agreement between the primary owner and the house for owners
23 or supervisors to inspect or receive a copy of surveillance recordings

1 of tables at which proposition player services are provided under the
2 contract during the times the services are provided, as necessary for
3 business purposes.

4 (15) A full disclosure of any financial arrangements entered into during the
5 term of the contract for any purpose between the house and any
6 registrant or licensee covered by the proposition player contract. If
7 there is no financial consideration that passes under the contract, a
8 statement to that effect shall be included.

9 (16) That any legal dispute between the primary owner and the house,
10 including any exclusion of a registered owner, player, or supervisor
11 covered by the contract from the house shall be reported in writing
12 within 10 days by the primary owner and the house to both the
13 Commission and the Division.

14 (17) That the primary owner and the house shall report in writing within 10
15 days to both the Commission and the Division the identity of any
16 registrant whose activities are covered by the proposition player
17 contract and who is arrested in the gambling establishment by a peace
18 officer, who is removed from the gambling establishment by a peace
19 officer or the house, or who is involved in a patron dispute regarding
20 his or her activities in the gambling establishment that is the subject of
21 a report to a peace officer and that results in removal of one or more
22 individuals.

1 (18) That any cheating reported to the house by a registrant or licensee
2 shall be reported in writing within 5 days by the primary owner and
3 the house to the Commission and Division.

4 (19) That the criteria for granting any rebates by proposition players to
5 patrons be spelled out in the contract; and that neither the house nor
6 any employee of the house shall have any role in rebates.

7 (20) That any tipping arrangements shall be specified in the contract; that
8 percentage tips shall not be given; and that tips shall not be given to
9 employees of the house having either decision-making authority over
10 the outcome of the game or supervisory responsibilities.

11 (21) That the primary owner may reimburse the house in specified amounts
12 for equipment such as surveillance cameras and monitors, or cards,
13 shuffling machines, and dice. Neither the primary owner nor its
14 employees shall purchase, lease, or control such equipment.

15 (c)(1) Except as expressly authorized by this subsection (c), a proposition player
16 contract shall not include any provision authorizing payment to or receipt by
17 the house, or a designee thereof, of any share of the profits or revenues of a
18 registrant or a licensee. Any payments made by a registrant or licensee to
19 the house for a purpose determined by agreement with the house shall be
20 specifically authorized by the proposition player contract. All payments
21 shall be specified in the contract. ~~The contract shall identify each specific~~
22 ~~service or facility provided under the contract and shall specify the total~~
23 ~~charge for each category, such as advertising.~~ The contract shall identify the
24 total charge for each of the following categories: services, facilities, and

1 advertising. In addition, the contract shall include a detailed list, excluding
2 specific costs, of the items provided or received in each of these categories.

3 (2) In no event may a proposition player contract provide for any
4 payment based on a percentage or fraction of the registrant's gross
5 profits or wagers made or the number of players. All payments shall
6 be fixed and shall only be made for services and facilities requested
7 by, and provided to, the registrant or licensee, and for a reasonable
8 share of the cost of advertising with respect to gaming at the gambling
9 establishment in which the registered owner participates.

10 (3) No contract provision shall authorize any payments for services or
11 facilities that are substantially disproportionate to the value of the
12 services or facilities provided. No contract shall include any charge,
13 direct or indirect, for the value of an exclusive right to conduct
14 proposition play within all or a portion of the gambling establishment.
15 No payment other than the collection fee for play, shall be required
16 for play at any table, including, without limitation, reservation of a
17 seat.

18 (d) The proposition player contract shall not contain any provision that limits
19 contact with officials or employees of the Commission or Division. The
20 proposition player contract shall prohibit an owner or the house from
21 retaliating against any registrant or licensee on account of contact with an
22 official or employee of the Commission or Division or any other public
23 official or agency.

1 (e) A proposition player contract shall be consistent with the provisions of
2 Business and Professions Code section 19984, subdivision (a), prohibiting a
3 gambling establishment or the house from having any interest, whether
4 direct or indirect, in funds wagered, lost, or won. No proposition player
5 contract shall be approved that would permit the house to bank any game in
6 the gambling establishment.

7 (f) Each proposition player contract approved by the Division shall contain a
8 provision authorizing the Commission, after receiving the findings and
9 recommendation of the Division, to terminate the contract for any material
10 violation of any term required by this section.

11 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code.

12 **Reference:** Section 19984, Business and Professions Code

13
14 **Section 12200.9 Review and Approval of Proposition Player**
15 **Contracts**

16 (a) (1) On and after April 30, 2004, proposition player services shall not be
17 provided except pursuant to a written proposition player contract
18 approved in advance by the Division. Provision of proposition player
19 services by any person subject to registration or licensing under this
20 chapter, or engagement of proposition player services by the holder of
21 a state gambling license, without a contract as required by this section
22 is a violation of this section. The Division shall approve a proposition

1 player contract only if all the following requirements have been
2 satisfied:

3 (A) The contract is consistent with this regulation and the Act.

4 (B) The contract does not provide for controlled gambling that will
5 be conducted in a manner that is inimical to the public health,
6 safety, or welfare.

7 (C) The contract will not create or enhance the dangers of
8 unsuitable, unfair, or illegal practices, methods, or activities in
9 the conduct of controlled gambling or in the carrying on of the
10 business and related financial arrangements.

11 (D) The contract will not undermine public trust that the controlled
12 gambling operations covered by the contract will be conducted
13 honestly, by reason of the existence or perception of any
14 collusive arrangement between any party to the contract and the
15 holder of a state gambling license, or otherwise.

16 (2) Prior to December 7, 2003, each primary owner providing proposition
17 player services at a gambling establishment on the date that these
18 regulations originally became effective (November 6, 2003) shall
19 submit an Application for Contract Approval Provider of Proposition
20 Player Services (DGC-APP.030, rev. 09/03), which is hereby
21 incorporated by reference.

22 (3) A complete application for contract approval shall include all of the
23 following:

- 1 (A) A completed Application for Contract Approval to Provide
2 Proposition Player Services (DGC-APP.030, rev. 06/04), which
3 is hereby incorporated by reference.
- 4 (B) A completed Appointment of Designated Agent for Owners and
5 Proposition Players (DGC-APP.031, rev. 05/04), which is
6 hereby incorporated by reference.
- 7 (C) An executed copy of the contract that specifically addresses all
8 of the requirements of Section 12200.7.
- 9 (D) A playing book form that specifically addresses all of the
10 requirements of section 12200.13.
- 11 (E) A five hundred dollar (\$500) nonrefundable application fee.
- 12 (F) A \$1200 deposit as required by Title 11, California Code of
13 Regulations, section 2037(a)(2)(A). The Division may require
14 an additional sum to be deposited to pay the final costs of the
15 review and approval or disapproval of the contract. Any money
16 received as a deposit in excess of the costs incurred in the
17 review and approval or disapproval of the contract will be
18 refunded and an itemized accounting will be provided to the
19 primary owner, or primary owner's designee.
- 20 (4) The Division shall notify the applicant, in writing, within ten working
21 days of receiving the application that the application or resubmitted
22 application is complete or incomplete. If an application is incomplete,
23 the Division shall request, in writing, any information, fees, or
24 documentation needed to complete the application. Unless extended
25 by the Division for further investigation up to 90 days or with the
26 consent of the applicant, review and approval or disapproval of a

1 proposition player contract shall be completed within 90 days of
2 receiving a completed application and notice thereof shall be sent via
3 United States mail to the applicant or the applicant's designee within
4 10 days of the Division's decision. Notice of disapproval of the
5 contract or amendments shall specify the cause.

6 **(b) (1)** In lieu of the procedure specified in subsection (a), the Division shall
7 provide an expedited review process of an application for contract
8 approval if all of the following conditions exist:

9
10 **(A)** Proposition player services were provided in the gambling
11 establishment at any time during the 30 days preceding the
12 application pursuant to a contract that was previously approved
13 by the Division and that has been terminated.

14
15 **(B)** The proposed contract is between the house and a different
16 primary owner than the previous contract under which
17 proposition player services were provided in the gambling
18 establishment.

19
20 **(C)** The terms of the proposed contract are substantially identical to
21 the contract previously approved by the Division under which
22 proposition player services were provided in the gambling
23 establishment at any time during the 30 days preceding the
24 application.

1 (2) If an application for contract approval is submitted as an expedited
2 contract request and the Division determines that it does not meet the
3 criteria, the primary owner or designee and the house shall be notified
4 within one business day of the Division's decision. Any contract that
5 is not processed through the expedited review and approval process
6 shall be treated as a new contract request and reviewed and approved
7 or disapproved as otherwise provided by subsection (a).

8
9 (3) The Division shall complete the expedited review and approval of a
10 contract within three business days of receiving all of the following:

11
12 (A) A completed Application for Contract Approval to Provide
13 Proposition Player Services (DGC-APP.030, rev. 06/04).

14
15 (B) A completed Appointment of Designated Agent for Owners and
16 Proposition Players (DGC-APP.031, rev. 05/04).

17
18 (C) An executed copy of the contract that specifically addresses all
19 the requirements of Section 12200.7.

20
21 (D) A playing book form that specifically addresses all the
22 requirements of Section 12200.9.

23
24 (E) A five hundred dollar (\$500) nonrefundable application fee.

25 (F) An expedited processing fee of \$550.

1 (c) (1) As soon as is practicable after determining that any application for
2 approval of a proposition player contract or amendment is complete
3 and that the contract or amendment appears to qualify for approval,
4 but in no event less than 75 days from receipt of a complete
5 application package, the Division shall submit the contract or
6 amendment to the Commission for review and comment. The
7 Commission shall provide the Division with comments, if any, within
8 15 days of receipt of the contract or amendment. This paragraph does
9 not apply to expedited approval under subsection (b).

10 (2) A copy of the Division's notice of approval or disapproval of a
11 proposition player contract or amendment thereto shall be sent to the
12 Commission.

13 (d) An executed copy of the currently effective contract, and all amendment(s)
14 thereto, and a copy of all Division notices that approved the contract and any
15 amendment shall be maintained at the gambling establishment and shall be
16 provided for review or copying upon request by any representative of the
17 Commission or Division.

18 (e) The term of any proposition player contract shall not exceed one year. No
19 amendment changing any of the contract terms referred to in Section
20 12200.7, other than paragraphs (3), (4), and (6) of subsection (b) thereof,
21 may become effective during the term of a proposition player contract
22 without the prior written approval of the Division. If any amendment is
23 made to a proposition player contract term specified in paragraphs (3), (4),
24 or (6) of subsection (b) of Section 12200.7, both parties to the contract shall

1 notify the Commission and Division in writing of the amendment within 10
2 days of the execution thereof by the parties to the contract.

3
4 (f) Requests to review and approve an amendment to a proposition player
5 contract shall be submitted with an application for approval along with an
6 executed copy of the contract, a five hundred dollar (\$500) nonrefundable
7 application fee, and a four hundred and fifty dollar (\$450) deposit as
8 required by Title 11, California Code of Regulations, section 2037(a)(2)(B).
9 The Division may require an additional sum to be deposited to pay the final
10 costs of the review and approval or disapproval of the amendment. Any
11 money received as a deposit in excess of the costs incurred in the review and
12 approval or disapproval of the amendment shall be refunded and an itemized
13 accounting shall be provided to the primary owner or the primary owner's
14 designee.

15
16 (g) All proposition player contracts shall be subject to, and superseded by, any
17 changes in the requirements of regulations adopted under Business and
18 Professions Code section 19984 that conflict with or supplement provisions
19 of the proposition player contract.

20 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

21 **Reference:** Section 19984, Business and Professions Code

22 **Section 12200.11** **Extension of Proposition Player Contracts**

1 (a) An application for approval of a contract to continue proposition player
2 services shall include all of the following:

3 (1) A completed Application for Contract Approval to Provide
4 Proposition Player Services (DGC-APP.030, rev. 06/04), which is
5 hereby incorporated by reference.

6 (2) A \$500 application fee.

7 (3) An executed contract.

8 (4) A deposit in such amount as, in the judgment of the Director of the
9 Division, will be sufficient to pay the anticipated processing costs.
10 The Division may require an additional sum to be deposited to pay the
11 final costs of the review and approval or disapproval of the contract.
12 Any money received as a deposit in excess of the costs incurred in the
13 review and approval or disapproval of the contract will be refunded
14 and an itemized accounting will be provided to the primary owner, or
15 primary owner's designee.

16 (b) The application shall be submitted to the Division no later than 90 days prior
17 to the date that the current contract is scheduled to expire.

18 (c) As soon as is practicable after determining that any application for approval
19 of a proposition player contract extension is complete and that the contract
20 extension appears to qualify for approval, but in no event less than 75 days
21 from receipt of the application, the Division shall submit the contract
22 extension to the Commission for review and comment. The Commission

1 shall provide the Division with comments, if any, within 15 days of receipt
2 of the contract extension.

4 **Section 12200.13 Playing Book**

5 (a) The primary owner shall be responsible for assuring that its players maintain
6 accurate, complete, and up-to-date playing books for all sessions of play
7 worked in conformity with regulations of the Commission. The information
8 in the playing-book record shall be transferred to the primary owner, or a
9 supervisor designated by the primary owner at the end of each session of
10 play. The primary owner shall maintain this information in English at a
11 single location in the State of California, and shall maintain the original
12 playing book records in the State of California, for at least five years. The
13 location or locations where the records of this information and the original
14 playing book records are maintained, and any change therein, shall be
15 disclosed to the Commission and Division by written notice mailed or
16 delivered within five business days after establishing or changing such a
17 location.

18 (b) Playing books shall be prepared and maintained as follows:

19 (1) Playing book forms shall be reviewed and approved or disapproved
20 during the review of the contract by the Division.

21 (2) Each form in the playing book shall be recorded in ink and include,
22 but not be limited to, the following information:

1 (A) Sequential numbers. Any unused form shall be voided and
2 maintained in the playing book.

3 (B) Specify the name of the gambling establishment where play
4 occurred.

5 (C) The date when play occurred.

6 (D) Beginning and ending balances.

7 (E) All fills and credits affecting the balance shall be individually
8 identified.

9 (F) The printed full name and badge number of the proposition
10 player, which includes owners, supervisors, and/or players.

11 (G) The table number.

12 (H) The specific name of the Division-approved gaming activity.

13 (I) The name of the primary owner.

14 (3) The form for each session of play shall be dated and signed under
15 penalty of perjury by the person who prepared it and shall include a
16 declaration in the following form: "I declare under penalty of perjury
17 under the laws of the State of California that the foregoing is true and
18 correct."

19 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

20 **Reference:** Section 19984, Business and Professions Code

1
2 **Section 12200.14. Organization Chart and Employee Report**

3
4 (a) No later than September 1, 2004, each registered primary owner shall submit
5 a current organization chart and a listing of all employees to the Division
6 and the Commission. The listing of employees shall be submitted on the
7 form Third Party Proposition Player Services Employee Report (CGCC-440,
8 New 06/04), which is hereby incorporated by reference.

9 (b) Upon renewal of the registration or license and six months thereafter, each
10 registered or licensed primary owner shall submit an updated organization
11 chart and a listing of all employees to the Division and the Commission.
12

13 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

14 **Reference:** Section 19984, Business and Professions Code

15 **Section 12200.15 Transfers and Sales**

16 (a) No individual who is an owner shall in any manner transfer any interest in
17 the proposition player services operation to any person, firm, or corporation
18 until the proposed transferee or transferees have made application for and
19 obtained registration or licensing as an owner from the Commission.
20 Applications for a transfer of the interest shall be made by the transferee
21 applying for registration or licensing under this regulation. Evidence of the
22 transferor's agreement to transfer the interest shall accompany the
23 application for registration or licensing.

1 (b) The proposed articles of incorporation and sales and transfer agreement shall
2 be submitted to the Commission for approval prior to submission of any
3 application.

4 (c) The effective date of the sale shall be at least 90 days after receipt of the
5 application, or such other shorter time period as shall be set by the Executive
6 Director with the agreement of the applicant.

7 (d) The primary owner shall notify the Division and the Commission in writing
8 within ten days of any change to the organization chart.

9 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

10 **Reference:** Section 19984, Business and Professions Code

11 **Section 12200.16. Inspections and Investigations**

12 (a) When requested by a representative of the Division, a registrant or licensee
13 shall immediately permit the Division representative, in accordance with the
14 request, to inspect, copy, or audit all requested documents, papers, books,
15 and other records of the registrant or licensee related to the provision of
16 proposition player services. If the records are maintained in electronic form
17 and the registrant or licensee is requested to do so, the registrant or licensee
18 shall provide a printed copy in English pursuant to this section within 24
19 hours of the request.

20 (b) If requested in writing by the Executive Director, the Division shall conduct
21 an inspection or investigation of a registrant or a licensee. Within 30 days
22 of receipt of the request, the Division shall advise the Executive Director in
23 writing of the status of the inspection or investigation and shall also provide

1 an estimated date on which the inspection or investigation may reasonably
2 be expected to be concluded. Upon completion of the inspection or
3 investigation, the Division shall provide a final written report to the
4 Executive Director.

5 (c) Nothing in this chapter precludes Commission staff from carrying out their
6 duties under applicable statutes and regulations.

7 (d) All records required by this chapter shall be maintained in English, in
8 California, for at least five years.

9 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

10 **Reference:** Section 19984, Business and Professions Code

11 **Section 12200.17 Emergency Orders**

12 Registrants and licensees under this chapter shall be subject to emergency orders
13 under Business and Professions Code section 19931.

14 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

15 **Reference:** Sections 19984 and 19931, Business and Professions Code

16 **Section 12200.18 Revocation**

17 The Commission may revoke a registration or license, upon any of the following
18 grounds, after a hearing conducted pursuant to the same procedures applicable to
19 the revocation of a gambling establishment license:

20 (a) The registrant or licensee committed, attempted to commit, or conspired to
21 commit any acts prohibited by the Gambling Control Act or this chapter.

- 1 (b) Any act or omission by the registrant that would disqualify the registrant
2 from obtaining registration under this chapter. Any act or omission by the
3 licensee that would disqualify the licensee from obtaining licensing under
4 this chapter.
- 5 (c) The registrant or licensee engaged in any dishonest, fraudulent, or unfairly
6 deceptive activities in connection with controlled gambling, including any
7 violation of laws related to cheating.
- 8 (d) The registrant or licensee failed or refused to comply with the requirements
9 of Section 12200.16 (Inspections and Investigations).
- 10 (e) The registrant or licensee failed or refused to comply with the requirements
11 of Section 12200.14 (Organization Chart and Employee Report).
- 12 (f) The registrant or licensee concealed or refused to disclose any material fact
13 in any inquiry by the Division or the Commission.
- 14 (g) The registrant or licensee committed, attempted, or conspired to commit any
15 embezzlement or larceny against a gambling licensee or proposition player
16 registrant or upon the premises of a gambling establishment.
- 17 (h) The registrant or licensee has been lawfully excluded from being present
18 upon the premises of any licensed gambling establishment for any reason
19 relating to cheating or any violation of the Gambling Control Act by the
20 registrant.
- 21 (i) The registrant or licensee buys or sells chips outside the cage, except for
22 exchanging with a patron chips of one denomination for chips of another
23 denomination.

1 (j) The registrant or licensee lends money or chips to gambling establishment
2 patrons, except for exchanging with a patron chips of one denomination for
3 chips of another denomination.

4 (k) The primary owner or any other owner knowingly permitted one or more of
5 the owner's supervisors or players to commit any act described in
6 subsections (a) to (j), inclusive.

7 (l) The primary owner or any other owner knew, or failed to implement
8 reasonable oversight procedures that would have apprised the owner, that
9 one or more of the registrants or licensees was in violation of one or more
10 provisions of this chapter or of the Gambling Control Act and failed or
11 refused to take action to prevent the recurrence of the violation or violations.

12 **Authority:** Sections 19840, 19941, and 19984, Business and Professions Code

13 **Reference:** Section 19984, Business and Professions Code

14
15 **Section 12200.20 Annual Fee**

16 (a) No later than September 1 of each year, beginning September 1, 2004, each
17 registered primary owner shall submit to the Commission the annual fee set
18 forth in subsection (b) of this section, based on the total number of
19 registrations affiliated with that primary owner on August 15, 2004.

20 (b) Within 30 days of approval of any request to convert a registration to a
21 license, the Commission shall notify the licensee of any additional fees owed
22 for the term of the license granted, allowing pro rata credit on a monthly
23 basis for any annual fee paid in connection with a registration that has not
24 expired.

Emergency readoption/amendment: Proposition Player Regulation

Thursday, June 24, 2004, page 37

(c) The annual fee shall be computed based on the following schedule reflecting the total number of registrants affiliated with a particular primary owner on the date of assessment:

<u>Category</u>	<u>Number of Registrants</u>	<u>Fee Per Registrant</u>
A	1—5	\$2800
B	6--35	\$3050
C	36--175	\$3300
D	176—400	\$3550
E	401--900	\$3800
F	901--1200	\$4050
G	1200 or more	\$4300

(d) (A) Upon advance written approval by the Executive Director, installment payments submitted prior to conversion to licensure shall be permitted as follows: one-third of the annual fee to be submitted no later than September 1, one-third no later than December 1, and the balance no later than March 1.

(B) Upon advance written approval by the Executive Director, installment payments submitted after conversion to licensure shall be permitted as

1 follows: one-third of the annual fee to be submitted prior to issuance
2 of the license, one-third to be submitted three months thereafter, and
3 one-third to be submitted six months thereafter.

4 (e) Refunds shall not be available in the event of a subsequent decrease in the
5 number of registrants upon which the annual fee payment was based.

6 (f) Following assessment of the annual fee, if the primary owner increases the
7 number of its registrants above the number upon which the annual fee
8 assessment was based, the primary owner shall submit to the Commission
9 the additional per player fee set forth in subsection (b) of this section. No
10 new badges will be issued until the additional per player fees has been
11 received by the Commission.

12 (g) No renewal application shall be accepted by the Commission until any
13 delinquent annual fees have been paid in full.

14 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

15 **Reference:** Section 19984, Business and Professions Code

16 **Section 12200.21 Compliance**

17 (a) Registrants and licensees shall comply with game rules approved by the
18 Division, including but not limited to, the rules regarding player-dealer
19 rotation and table wagering. No registrant or licensee shall be accorded any
20 preference by the house over other players; provided, that a proposition
21 player contract may, at any table assigned for play by the contracted
22 registrant or licensee, preclude players of any other registrant or licensee
23 under this chapter or chapter 2.2 of this title from playing at that table during

1 the periods of play assigned by the proposition player contract for the
2 contracted registrant or licensee.

3 (b) Only an authorized player may possess, direct, or otherwise control
4 currency, chips, or other wagering instruments used for play in the
5 performance of a proposition player contract.

6 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

7 **Reference:** Section 19984, Business and Professions Code

8

9 **Article 2. Registration**

10 **Section 12200.25 Transition to Licensing**

11 (a) The Division shall summon persons registered as primary owners,
12 owners, supervisors, players, and other employees for the purpose of
13 applying for licenses under this chapter. The Division shall summon
14 primary owners, owners, supervisors, players, and other employees as
15 expeditiously as possible in light of available program resources. The
16 registration of any registrant that fails or refuses to submit a Request for
17 Conversion of a Third Party Proposition Player Services Registration to a
18 License (CGCC-537, new 06/04)(see section 12218(c)) including any fees to
19 the Commission within 30 days of receiving a summons from the Division
20 shall expire by operation of law on the following day. Prior to and during
21 review of a request to convert a registration to a license, a registration shall
22 remain valid and may be renewed by the registrant as necessary, upon

1 application and approval of renewal of registration as provided in Section
2 12203.

3 (b) If the registration expires by operation of law, the former registrant shall
4 submit a new request to convert a registration to a license and a new
5 nonrefundable application fee.

6 (c) The transition from registration to licensing for applications approved prior
7 to April 30, 2004, shall be completed no later than July 1, 2007.

8 (d) A request to convert a registration to a license shall require only payment of
9 a sum of money that, in the judgment of the Director of the Division, will be
10 adequate to pay the anticipated investigation and processing costs, in
11 accordance with Business and Professions Code section 19867.

12 (e) If a license is issued, it will expire as provided in Section 12218.19 (Term of
13 License).

14 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

15 **Reference:** Section 19984, Business and Professions Code

16
17
18 **Section 12201. Registration**

19 (a) On and after March 31, 2004, no person may provide proposition player
20 services or obtain a badge as required by Section ~~12206~~ 12200.3 without a
21 current valid registration issued by the Commission.

22 (b) ~~Except as provided in subsection (c), registration~~ Registration shall be issued
23 for a period of one year.

1 (c) ~~For owners, supervisors, and players, requirements for registration under this~~
2 ~~regulation will be superseded by licensure licensing requirements upon the~~
3 ~~effective date of implementing regulations of the Commission to be adopted~~
4 ~~in the future.~~ Registration under this chapter Article or its predecessor shall
5 not create any vested right to licensing under ~~those implementing regulations~~
6 Article 3 of this Chapter or any successor provision.

7 (d) If a primary owner is a corporation, partnership, or other business entity,
8 each owner, ~~supervisor,~~ and individual having a relationship to that entity
9 specified in Business and Professions Code section 19852, subdivisions (a)
10 to (h), inclusive, shall individually apply for and obtain registration as an
11 owner listed on the business entity's registration certificate. No business
12 entity or sole proprietor shall be registered under this chapter that is also
13 licensed under the Gambling Control Act to operate a gambling
14 establishment.

15 (e) If the application is for registration as a supervisor or player, the primary
16 owner that will employ the applicant shall be currently registered under this
17 chapter.

18 (f) A registration certificate shall be issued to each primary owner and shall
19 include an expiration date. All owners other than the primary owner, ~~all~~
20 ~~supervisors, and all persons required to be registered pursuant to subsection~~
21 ~~(d) of this section shall not receive a separate registration certificate, but the~~
22 ~~registration of every such person~~ shall be endorsed on the registration
23 certificate that is issued to the primary owner.

24 (g) Registration is non-transferable.

Authority: Sections 19840, 19841, and 19984, Business and Professions Code

Reference: Sections 19984 and 19951(a), Business and Professions Code

Section 12202. Application for Registration

(a) The application for registration shall designate whether the registration is requested as a primary owner, other owner, supervisor, player, or other employee. The application shall be signed by both the individual applicant and the designated agent, or, if the applicant is a business entity, by the chief executive officer or other designated officer of the business entity.

(b) An application for registration shall include all of the following:

(1) Payment of a nonrefundable application fee in the amount of five hundred dollars (\$500).

(2) A completed Application for Third Party Proposition Player Services Registration (~~CGCC-035, rev. 02/04~~) (CGCC-435, Rev. 06/04), which is hereby incorporated by reference.

(3) A properly completed Request for Live Scan Service (California Department of Justice Form BCII 8016, rev. 4/01) for an applicant that is an individual, confirming that the applicant's fingerprints have been submitted to the Bureau for an automated background check and response.

(4) Two (2) two-by-two inch color passport-style photographs of an applicant that is an individual taken no more than one year before submission of the application to the Commission.

(c) An applicant that is an individual shall complete and submit such supplemental information as may be required by the Commission form Third Party Proposition Player Services Registration Supplemental Information (~~CGCC-036, rev. 02/04~~) (CGCC-436, Rev. 06/04), which is hereby incorporated by reference, ~~or by the Division as necessary for completion of its review as provided in this chapter.~~

(d) An applicant for registration or for any approval required by this chapter shall make full and true disclosure of all information to the Commission ~~and Division~~ as required for the application and as requested by the Commission ~~or Division~~ to carry out the policies of this state relating to controlled gambling.

Authority: Sections 19840, 19841, and 19984, Business and Professions Code

Reference: Sections 19984 and 19951(a), Business and Professions Code

Section 12203. Processing of Applications for Initial and Renewal Registration

(a) The Executive Director shall notify the applicant in writing within ~~15~~ 20 days of receiving the application, that the application or resubmitted application is complete and accepted for filing, or that the application or resubmitted application is deficient. If an application for registration is incomplete, the Executive Director shall request in writing any information needed in order to complete the application. The applicant shall be permitted at least 60 but no more than 90 days in which to furnish the

1 information. If the applicant fails to respond to the request, the application
2 shall be deemed abandoned and no further action will be taken on it.

3 (b) Upon determination that an application for registration is complete, the
4 application shall be processed within 60 days and the Executive Director
5 shall either issue the registration and badge applied for or shall notify the
6 applicant of denial and the grounds therefor under Section 12204. However,
7 this time may be extended by the Executive Director for no more than 30
8 additional days if necessary to obtain information required to determine
9 eligibility. The Executive Director shall promptly notify the applicant in
10 writing of any such delay, including the length of the extension.

11 (c) If the applicant submits a request for withdrawal of his or her application to
12 the Commission, the application shall be deemed abandoned and no further
13 action will be taken on it.

14 (d) The Commission shall provide written notice of abandonment of an
15 application to the applicant ~~and the Division~~. If the application is for
16 registration as a supervisor, player, or other employee, the Commission shall
17 also provide written notice of abandonment of the application to the primary
18 owner.

19 (e) Nothing in this chapter shall require the Commission or Division to divulge
20 to the applicant any confidential information received from any law
21 enforcement agency or any information received from any person with
22 assurances that the information would be maintained as confidential.
23 Nothing in this chapter shall require the Commission or Division to divulge

any information that might reveal the identity of any source of information or jeopardize the safety of any person.

(f) Renewal applications for owners shall be received no later than 120 days prior to the expiration of the current registration, together with all required fees. If an application is received after this 120-day deadline, an expedited processing fee of \$60 shall be submitted with the application. If an expedited processing fee is due but has not been received, a registration renewal shall not be issued.

(g) Renewal applications for supervisors, players, and other employees shall be received no later than 90 days prior to the expiration of the current registration, together with the required \$500 application fee. If an application is received after this 90-day deadline, an expedited processing fee of \$60 shall be submitted with the application. If an expedited processing fee is due but has not been received, a registration renewal shall not be issued.

Authority: Sections 19840, 19841, and 19984, Business and Professions Code

Reference: Section 19984, Business and Professions Code.

Section 12204. Ineligibility for Registration

An applicant shall be ineligible for registration for any of the following causes:

(a) Except for an individual seeking registration as “other employee,” an individual applicant is under the age of 21.

1 **(b)** The applicant has been convicted of any felony, including a conviction in a
2 court of the United States or any other state of an offense that is classified as
3 a felony by the laws of this state.

4 ~~(b)~~**(c)** The applicant has, within the ten year period immediately preceding the
5 submission of the application, been convicted of a misdemeanor involving a
6 firearm or other deadly weapon, gaming or gaming-related activities
7 prohibited by Chapter 9 (commencing with Section 319) or Chapter 10
8 (commencing with section 330) of Title 9 of Part 1 of the Penal Code,
9 violations of the Gambling Control Act, or dishonesty or moral turpitude,
10 not including convictions which have been expunged or dismissed as
11 provided by law.

12 ~~(e)~~**(d)** If the application is for registration as an owner, supervisor, or player, the
13 applicant has been subject to a final administrative or judicial adjudication
14 revoking a registration under this chapter or a state gambling license, key
15 employee license, work permit or finding of suitability or has had an
16 application denied under this chapter or the Gambling Control Act.

17 ~~(d)~~**(e)** The applicant would be ineligible for a state gambling license under any of
18 the criteria set forth in Business and Professions Code section 19859,
19 subdivisions (b), (e), or (f), ~~or (g)~~, the terms of which are incorporated by
20 reference and hereby expressly made applicable to applications for
21 registration under this chapter.

22 **(e)** The applicant would be ineligible for a state gambling license under
23 Business and Professions Code section 19858, the terms of which are

1 incorporated by reference and hereby expressly made applicable to
2 applications for registration under this chapter.

3 (f) The applicant has violated one or more of the prohibitions set forth in
4 Subsection 12200.7(b)(5), (11), or (20) or Subsection 12200.7(c)(1) and (3).

5 (g) The applicant has failed to comply with one or more of the requirements set
6 forth in Subsection 12200.7(b)(8), (9), (15), (16), (17), (18), (21), or in
7 Subsections 12200.7(c)(2) or (e).

8 (h) The applicant is ineligible based on any other provision of law.

9 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

10 **Reference:** Section 19984, Business and Professions Code

11 **12205. Cancellation of Registration**

12 (a) Any registration issued in accordance with this chapter shall be subject to
13 cancellation pursuant to this section. A registration shall be cancelled if the
14 Commission determines upon a noticed hearing that the registrant is
15 ineligible for registration, has failed in the application for registration to
16 reveal any fact material to the holder's qualification for registration, or has
17 supplied information in the registration application that is untrue or
18 misleading as to a material fact pertaining to the criteria for issuance of
19 registration.

20 (b) If the Commission finds that any of the circumstances set forth in subsection
21 (a) apply, then the Executive Director shall immediately do all of the
22 following:

1 (1) Provide written notice to the registrant and the Division of the
2 cancellation of the registration and the grounds thereof, and provide
3 written notice of the cancellation to the owner, if the registrant is a
4 supervisor, player, or other employee and to any gambling
5 establishment in which the registrant provides proposition player
6 services.

7 (2) Notify the registrant that he or she is required to surrender the
8 registrant's badge to the Commission not more than ten days
9 following the date that the notice of the cancellation was mailed or
10 such greater time as is authorized by the Executive Director.

11 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code.

12 **Reference:** Section 19984, Business and Professions Code

13 **Section 12206. Badge**

14 ~~All individuals registered as owners, supervisors, players, and all other employees~~
15 ~~of the owner shall wear in a prominently visible location a numbered badge issued~~
16 ~~by the Commission when present in a gambling establishment during the provision~~
17 ~~of proposition player services under the proposition player contract that covers the~~
18 ~~registrant. The words "TPP PLAYER REGISTRANT" in capital letters shall be~~
19 ~~prominently displayed on the badge above the registrant's category of registration~~
20 ~~as an owner, supervisor, player or other employee. Below that portion of the badge~~
21 ~~there shall be displayed the picture of the registrant submitted with the application~~
22 ~~and the badge number, registrant's first name, and expiration date. The registrant's~~
23 ~~full name shall be printed on the reverse side of the badge.~~

1 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

2 **Reference:** Section 19984, Business and Professions Code

3 **Section 12207. Proposition Player Contract Criteria**

4 ~~(a) All proposition player contracts shall be subject to, and superseded by, any~~
5 ~~changes in the requirements of regulations adopted under Business and~~
6 ~~Professions Code section 19984 that conflict with or supplement provisions~~
7 ~~of the proposition player contract.~~

8 ~~(b) Each proposition player contract shall specifically require all of the~~
9 ~~following to be separately set forth at the beginning of the contract:~~

10 ~~(1) The names of the parties to the contract.~~

11 ~~(2) The effective dates of the contract.~~

12 ~~(3) The specific name of the Division approved gaming activities for~~
13 ~~which proposition player services will be provided.~~

14 ~~(4) The maximum and minimum number of gaming tables available to the~~
15 ~~proposition player provider service.~~

16 ~~(5) That no more than one owner, supervisor, or player from each~~
17 ~~provider of proposition player service shall simultaneously play at a~~
18 ~~table.~~

19 ~~(6) The hours of operation that proposition player services will be~~
20 ~~provided.~~

22 ~~(7) A detailed description of the location, applicable security measures,~~
23 ~~and purpose of any currency, chips, or other wagering instruments that~~
24 ~~will be stored, maintained, or kept within the gambling establishment~~
25 ~~by or on behalf of the primary owner.~~

26 ~~(8) That proposition player services shall be provided in the gambling~~
27 ~~establishment only in compliance with laws and regulations pertaining~~
28 ~~to controlled gambling.~~

- 1 ~~(9) That proposition player services may be provided only by owners,~~
2 ~~supervisors, and players with current registration under this chapter.~~
- 3 ~~(10) That a registrant may not provide proposition player services in a~~
4 ~~gambling establishment for which the registrant holds a state~~
5 ~~gambling license, key employee license, or work permit.~~
- 6 ~~(11) That collection fees charged by the house for participation in~~
7 ~~any controlled game shall be the same as those charged to other~~
8 ~~participants during the play of the game.~~
- 9 ~~(12) The form to be used for the playing book record and the initial~~
10 ~~number that will be used for the sequentially numbered forms.~~
- 11 ~~(13) Any agreement between the primary owner and the house for~~
12 ~~owners or supervisors to inspect or receive a copy of~~
13 ~~surveillance recordings of tables at which proposition player~~
14 ~~services are provided under the contract during the times the~~
15 ~~services are provided, as necessary for business purposes.~~
- 16 ~~(14) A full disclosure of any financial arrangements entered into~~
17 ~~during the term of the contract for any purpose between the~~
18 ~~house and any registrant covered by the proposition player~~
19 ~~contract. If there is no financial consideration that passes under~~
20 ~~the contract, a statement to that effect shall be included.~~
- 21 ~~(15) That any legal dispute between the owner and the house,~~
22 ~~including any exclusion of a registered owner, player, or~~
23 ~~supervisor covered by the contract from the house shall be~~
24 ~~within 10 days reported by the primary owner and the house to~~
25 ~~the Commission and Division.~~
- 26 ~~(16) That the primary owner and the house shall within 10 days~~
27 ~~report to the Commission and Division the identity of any~~
28 ~~registrant whose activities are covered by the proposition player~~
29 ~~contract and who is arrested in the gambling establishment by a~~
30 ~~peace officer, who is removed from the gambling establishment~~
31 ~~by a peace officer or the house, or who is involved in a patron~~
32 ~~dispute regarding his or her activities in the gambling~~
33 ~~establishment that is the subject of a report to a peace officer~~
34 ~~and that results in removal of one or more individuals.~~

~~(17) That any cheating reported to the house by a registrant shall be reported within 5 days by the primary owner and the house to the Commission and Division.~~

~~(c) Except as expressly authorized by this subsection, a proposition player contract shall not include any provision authorizing payment to or receipt by the house, or a designee thereof, of any share of the profits or revenues of a registrant. Any payments made by a registrant to the house for a purpose determined by agreement with the house shall be specifically authorized by the proposition player contract. All payments shall be specified in the contract. In no event may a proposition player contract provide for any payment based on a percentage or fraction of the registrant's gross profits or wagers made or the number of players. All payments shall be fixed and shall only be made for services and facilities requested by, and provided to, the registrant, and for a reasonable share of the cost of advertising with respect to gaming at the gambling establishment in which the registered owner participates. No contract provision shall authorize any payments for services or facilities that are substantially disproportionate to the value of the services or facilities provided. No payment other than the collection of fees for play, shall be required for play at any table, including, without limitation, reservation of a seat.~~

~~(d) The proposition player contract shall not contain any provision that limits contact with officials or employees of the Commission or Division. The proposition player contract shall prohibit an owner or the house from retaliating against any registrant on account of contact with an official or employee of the Commission or Division or any other public official or agency.~~

~~(e) A proposition player contract shall be consistent with the provisions of Business and Professions Code section 19984, subdivision (a), prohibiting a gambling establishment or the house from having any interest, whether direct or indirect, in funds wagered, lost, or won. No proposition player contract shall be approved that would permit the house to bank any game in the gambling establishment.~~

~~(f) Each proposition player contract approved by the Division shall contain a provision authorizing the Commission, after receiving the findings and~~

1 ~~recommendation of the Division, to terminate the contract for any material~~
2 ~~violation of any term required by this section.~~

3 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code.

4 **Reference:** Section 19984, Business and Professions Code

5 **Section 12208. Review and Approval of Proposition Player**
6 **Contracts**

7 ~~(a) — (1) — On and after April 30, 2004, proposition player services shall not be~~
8 ~~provided except pursuant to a proposition player contract, in writing,~~
9 ~~approved in advance by the Division. Provision of proposition player~~
10 ~~services by any person subject to registration under this chapter, or~~
11 ~~engagement of proposition player services by the holder of a state~~
12 ~~gambling license, without a contract as required by this section is a~~
13 ~~violation of this section. The Division shall approve a proposition~~
14 ~~player contract if the contract is consistent with this regulation and the~~
15 ~~Act; the contract does not provide for controlled gambling that will be~~
16 ~~conducted in a manner that is inimical to the public health, safety, or~~
17 ~~welfare; the contract will not create or enhance the dangers of~~
18 ~~unsuitable, unfair, or illegal practices, methods, or activities in the~~
19 ~~conduct of controlled gambling or in the carrying on of the business~~
20 ~~and financial arrangements incidental thereto; and will not undermine~~
21 ~~public trust that the controlled gambling operations covered by the~~
22 ~~contract will be conducted honestly, by reason of the existence or~~
23 ~~perception of any collusive arrangement between any party to the~~
24 ~~contract and the holder of a state gambling license, or otherwise.~~

25 ~~(2) — Prior to December 7, 2003, each primary owner that is providing~~
26 ~~proposition player services at a gambling establishment on the date~~
27 ~~that these regulations originally became effective (November 6, 2003)~~
28 ~~shall submit an Application for Contract Approval Provider of~~
29 ~~Proposition Player Services (DGC APP.030, rev. 09/03), which is~~
30 ~~hereby incorporated by reference.~~

1 ~~(3) — A complete application for contract approval shall include all of the~~
2 ~~following:~~

3
4 ~~(A) — A completed Application for Contract Approval Provider of~~
5 ~~Proposition Player Services (DGC APP.030, rev. 09/03).~~

6
7 ~~(B) — A completed Appointment of Designated Agent for Owners and~~
8 ~~Proposition Players (DGC APP.031, rev. 09/03) which is~~
9 ~~hereby incorporated by reference.~~

10
11 ~~(C) — An executed copy of the contract that specifically addresses all~~
12 ~~of the requirements of Section 12207.~~

13
14 ~~(D) — A playing book form that specifically addresses all of the~~
15 ~~requirements of section 12209.~~

16
17 ~~(E) — A five hundred dollar (\$500) nonrefundable application fee.~~

18
19 ~~(F) — A deposit in such amount as, in the judgment of the Director of~~
20 ~~the Division, will be sufficient to pay the anticipated processing~~
21 ~~costs. The Division may require an additional sum to be~~
22 ~~deposited to pay the final costs of the review and approval or~~
23 ~~disapproval of the contract. Any money received as a deposit in~~
24 ~~excess of the costs incurred in the review and approval or~~
25 ~~disapproval of the contract will be refunded and an itemized~~
26 ~~accounting will be provided to the primary owner, or primary~~
27 ~~owner's designee.~~

28 ~~(4) — The Division shall notify the applicant, in writing, within ten working~~
29 ~~days of receiving the application that the application or resubmitted~~
30 ~~application is complete or incomplete. If an application is incomplete,~~
31 ~~the Division shall request, in writing, any information, fees, or~~
32 ~~documentation needed to complete the application. Unless extended~~
33 ~~by the Division for further investigation up to 90 days or with the~~
34 ~~consent of the applicant, review and approval or disapproval of a~~
35 ~~proposition player contract shall be completed within 90 days of~~
36 ~~receiving a completed application and notice thereof shall be sent via~~
37 ~~United States mail to the applicant or the applicant's designee within~~

1 ~~10 days of the Division's decision. Notice of disapproval of the~~
2 ~~contract or amendments shall specify the cause.~~

3 ~~(5) The Division may make available to any applicant, upon request,~~
4 ~~examples of previously approved contracts, as modified to delete any~~
5 ~~identifying information of the parties, any reference to the specific~~
6 ~~amount of monetary consideration, and any other terms or conditions~~
7 ~~of the contract that the Division determines should remain~~
8 ~~confidential. Nothing in this paragraph shall be construed to require~~
9 ~~the Division to approve a contract in the form of any exemplar~~
10 ~~contract made available pursuant to this paragraph.~~

11 ~~(b) (1) In lieu of the procedure specified in subsection (a), the Division shall~~
12 ~~provide an expedited review process of an application for contract~~
13 ~~approval if all of the following conditions exist:~~

14
15 ~~(A) Proposition player services were provided in the gambling~~
16 ~~establishment at any time during the 30 days preceding the~~
17 ~~application pursuant to a contract that was previously approved~~
18 ~~by the Division and that has been terminated.~~

19
20 ~~(B) The proposed contract is between the house and a different~~
21 ~~primary owner than the previous contract under which~~
22 ~~proposition player services were provided in the gambling~~
23 ~~establishment.~~

24
25 ~~(C) The terms of the proposed contract are substantially identical to~~
26 ~~the contract previously approved by the Division under which~~
27 ~~proposition player services were provided in the gambling~~
28 ~~establishment at any time during the 30 days preceding the~~
29 ~~application.~~

30
31 ~~(2) If an application for contract approval is submitted as an expedited~~
32 ~~contract request and the Division determines that it does not meet the~~
33 ~~criteria, the primary owner or designee and the house shall be notified~~
34 ~~within one business day of the Division's decision. Any contract that~~
35 ~~is not processed through the expedited review and approval process~~
36 ~~shall be treated as a new contract request and reviewed and approved~~
37 ~~or disapproved as otherwise provided by subsection (a).~~
38

1 ~~(3) The Division shall complete the expedited review and approval of a~~
2 ~~contract within three business days of receiving all of the following:~~

3
4 ~~(A) A completed Application for Contract Approval Provider of~~
5 ~~Proposition Player Services (DGC APP.030, rev. 09/03).~~

6
7 ~~(B) A completed Appointment of Designated Agent for Owners and~~
8 ~~Proposition Players (DGC APP.031, rev. 09/03).~~

9
10 ~~(C) An executed copy of the contract that specifically addresses all~~
11 ~~the requirements of Section 12207.~~

12
13 ~~(D) A playing book form that specifically addresses all the~~
14 ~~requirements of Section 12209.~~

15
16 ~~(E) A five hundred dollar (\$500) nonrefundable application fee.~~

17 ~~(F) A deposit in such amount as, in the judgment of the Director of~~
18 ~~the Division, will be sufficient to pay the anticipated processing~~
19 ~~costs. The Division may require an additional sum to be~~
20 ~~deposited to pay the final costs of the review and approval or~~
21 ~~disapproval of the contract. Any money received as a deposit in~~
22 ~~excess of the costs incurred in the review and approval or~~
23 ~~disapproval of the contract will be refunded and an itemized~~
24 ~~accounting will be provided to the primary owner, or primary~~
25 ~~owner's designee.~~

26 ~~(c) (1) Within 15 days of receiving any complete application for approval of~~
27 ~~a proposition player contract or amendment, the Division shall submit~~
28 ~~the contract or amendment to the Commission for review and~~
29 ~~comment. The Commission shall provide the Division with~~
30 ~~comments, if any, within 10 days of receipt of the contract or~~
31 ~~amendment. This paragraph does not apply to expedited approval~~
32 ~~under subsection (b).~~

33 ~~(2) A copy of the Division's notice of approval or disapproval of a~~
34 ~~proposition player contract or amendment thereto shall be sent to the~~
35 ~~Commission.~~

1 ~~(d) — An executed copy of the currently effective contract, and all amendment(s)~~
2 ~~thereto, and a copy of all Division notices that approved the contract and any~~
3 ~~amendment shall be maintained at the gambling establishment and shall be~~
4 ~~provided for review or copying upon request by any representative of the~~
5 ~~Commission or Division.~~

6 ~~(e) — The term of any proposition player contract shall not exceed one year and~~
7 ~~shall not be extended or renewed without the prior approval of the Division.~~
8 ~~No amendment changing any of the contract terms referred to in Section~~
9 ~~12207, other than paragraphs (3) and (6) of subsection (b) thereof, may~~
10 ~~become effective during the term of a proposition player contract without the~~
11 ~~prior written approval of the Division. If any amendment is made to a~~
12 ~~proposition player contract term specified in paragraph (3) or (6) of~~
13 ~~subsection (b) of Section 12207, both parties to the contract shall notify the~~
14 ~~Commission and Division in writing of the amendment within 10 days of the~~
15 ~~execution thereof by the parties to the contract.~~

16 ~~(f) — Requests to review and approve an amendment to a proposition player~~
17 ~~contract shall be submitted with an application for approval along with an~~
18 ~~executed copy of the contract, a five hundred dollar (\$500) nonrefundable~~
19 ~~application fee, and a deposit in such amount as, in the judgment of the~~
20 ~~Director of the Division, will be sufficient to pay the anticipated processing~~
21 ~~costs. The Division may require an additional sum to be deposited to pay~~
22 ~~the final costs of the review and approval or disapproval of the amendment.~~
23 ~~Any money received as a deposit in excess of the costs incurred in the~~
24 ~~review and approval or disapproval of the amendment shall be refunded and~~
25 ~~an itemized accounting shall be provided to the primary owner or the~~
26 ~~primary owner's designee.~~

27 ~~(g) — All proposition player contracts shall be subject to, and superseded by, any~~
28 ~~changes in the requirements of regulations adopted under Business and~~
29 ~~Professions Code section 19984 that conflict with or supplement provisions~~
30 ~~of the proposition player contract.~~

31 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

32 **Reference:** Section 19984, Business and Professions Code

33 **Section 12209. Playing Books**

Emergency readoption/amendment: Proposition Player Regulation

Thursday, June 24, 2004, page 57

1 ~~(a) The primary owner shall be responsible for assuring that their players~~
2 ~~maintain accurate, complete, and up-to-date playing books for all sessions of~~
3 ~~play worked in conformity with regulations of the Commission. The~~
4 ~~information in the playing book record shall be transferred to the primary~~
5 ~~owner, or a supervisor designated by the primary owner, on a daily basis.~~
6 ~~Primary owners shall maintain this information at a single location in the~~
7 ~~State of California, and shall maintain the original playing book records in~~
8 ~~the State of California, for at least five years. The location or locations~~
9 ~~where the records of this information and the original playing book records~~
10 ~~are maintained, and any change therein, shall be disclosed to the~~
11 ~~Commission and Division by written notice mailed or delivered within five~~
12 ~~business days after establishing or changing such a location.~~

13 ~~(b) Playing books shall be prepared and maintained as follows:~~

14 ~~(1) Playing book forms shall be reviewed and approved or disapproved~~
15 ~~during the review of the contract by the Division.~~

16 ~~(2) Each form in the playing book shall be recorded in ink and include,~~
17 ~~but not be limited to, the following information:~~

18 ~~(A) Sequential numbers. Any unused form shall be voided and~~
19 ~~maintained in the playing book.~~

20 ~~(B) Specify the name of the gambling establishment where play~~
21 ~~occurred.~~

22 ~~(C) The date when play occurred.~~

23 ~~(D) Beginning and ending balances.~~

24 ~~(E) All fills and credits affecting the balance shall be individually~~
25 ~~identified.~~

26 ~~(F) The printed full name and badge number of the proposition~~
27 ~~player, which includes owners, supervisors, and/or players.~~

28 ~~(G) The table number.~~

29 ~~(H) The specific name of the Division-approved gaming activity.~~

30 ~~(I) The name of the primary owner.~~

1 ~~(3) — The form for each session of play shall be dated and signed under~~
2 ~~penalty of perjury by the person who prepared it and shall include a~~
3 ~~declaration in the following form: “I declare under penalty of perjury~~
4 ~~under the laws of the State of California that the foregoing is true and~~
5 ~~correct.”~~

6 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

7 **Reference:** Section 19984, Business and Professions Code

8 **Section 12210. Transfers and Sales**

9 ~~No individual who is an owner shall in any manner transfer any interest in the~~
10 ~~proposition player services operation to any person, firm, or corporation not then~~
11 ~~an owner of an interest therein, and such a transfer shall not become effective for~~
12 ~~any purpose, until the proposed transferee or transferees have made application for~~
13 ~~and obtained registration as an owner from the Commission. — Applications for a~~
14 ~~transfer of the interest shall be made by the transferee applying for registration~~
15 ~~under this regulation. — Evidence of the transferor's agreement to transfer the interest~~
16 ~~shall accompany the application for registration.~~

17 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

18 **Reference:** Section 19984, Business and Professions Code

19 **Section 12211. Inspections**

20 ~~When requested by a representative of the Commission or Division, a registrant~~
21 ~~shall immediately permit the Commission or Division representative, in~~
22 ~~accordance with the request, to inspect, copy, or audit all requested documents,~~

~~papers, books, and other records of the registrant related to the provision of proposition player services. If the records are maintained in electronic form and the registrant is requested to do so, the registrant shall provide a printed copy pursuant to this section.~~

Authority: Sections 19840, 19841, and 19984, Business and Professions Code

Reference: Section 19984, Business and Professions Code

Section 12212. Compliance

~~(a) Each primary owner shall remit such fees to defray the cost of compliance review and enforcement in the field as may be required by regulation of the Division.~~

~~(b) Registrants shall comply with game rules approved by the Division regarding player dealer rotation and table wagering. No registrant shall be accorded any preference by the house over other players; provided, that a proposition player contract may, at any table assigned for play by the contracted registrant, preclude players of any other registrant under this chapter or chapter 2.2 of this title from playing at that table during the periods of play assigned by the proposition player contract for the contracted registrant. For purposes of this subsection, "preference" means and is limited to both of the following if sanctioned by house rule or otherwise directed by the house or its employees:~~

~~(1) Any priority in the continuous and systematic rotation of the deal, as required by Penal Code section 330.11, such that a registrant becomes entitled by reason of the priority to occupy the player-~~

1 ~~dealer position more often than other players. Nothing in this~~
2 ~~paragraph precludes the house from assigning a particular seat to a~~
3 ~~registrant.~~

4 ~~(2) — Any advantage to the registrant over other players in the placement~~
5 ~~of wagers.~~

6 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

7 **Reference:** Section 19984, Business and Professions Code

8 **Section 12213. Revocation**

9 ~~The Commission may revoke a registration, upon any of the following grounds,~~
10 ~~after a hearing conducted pursuant to the same procedures applicable to revocation~~
11 ~~of gambling establishment licenses:~~

12 ~~(a) — The registrant committed, attempted to commit, or conspired to commit any~~
13 ~~acts prohibited by the Gambling Control Act or this chapter.~~

14 ~~(b) — Any act or omission by the registrant that would disqualify the registrant~~
15 ~~from obtaining registration under this chapter.~~

16 ~~(c) — The registrant engaged in any dishonest, fraudulent, or unfairly deceptive~~
17 ~~activities in connection with controlled gambling, including any violation of~~
18 ~~laws related to cheating.~~

19 ~~(d) — The registrant failed or refused to comply with the requirements of Section~~
20 ~~12211.~~

21 ~~(e) — The registrant concealed or refused to disclose any material fact in any~~
22 ~~inquiry by the Division or the Commission.~~

23 ~~(f) — The registrant committed, attempted, or conspired to commit any~~
24 ~~embezzlement or larceny against a gambling licensee or proposition player~~
25 ~~registrant or upon the premises of a gambling establishment.~~

- ~~(g) The registrant has been lawfully excluded from being present upon the premises of any licensed gambling establishment for any reason relating to cheating or any violation of the Gambling Control Act by the registrant.~~
- ~~(h) The primary owner or any other owner knowingly permitted one or more of the owner's supervisors or players to commit any act described in subsections (a) to (f), inclusive.~~
- ~~(i) The primary owner or any other owner knew, or failed to implement reasonable oversight procedures that would have apprised the owner, that one or more of the owner's supervisors or players was in violation of one or more provisions of this chapter or of the Gambling Control Act and failed or refused to take action to prevent the recurrence of the violation or violations.~~

Authority: Sections 19840, 19841, and 19984, Business and Professions Code

Reference: Section 19984, Business and Professions Code

Section 12214. Emergency Orders

~~Registrants under this chapter shall be subject to emergency orders under Business and Professions Code section 19931.—~~

Authority: Sections 19840, 19841, and 19984, Business and Professions Code

Reference: Sections 19984 and 19931, Business and Professions Code

Article 3. Licensing

Section 12218. Request to Convert Registration to License

- (a) A request to convert a registration to a license shall be submitted only in response to a written summons from the Division to a primary owner pursuant to Section 12200.25. Each primary owner's request shall be

Emergency readoption/amendment: Proposition Player Regulation

Thursday, June 24, 2004, page 62

1 accompanied by the requests of all affiliated owners, supervisors, players,
2 and other employees.

3 (b) The request to convert a registration to a license shall designate whether the
4 license is requested as a primary owner, other owner, supervisor, player, or
5 other employee. The request shall be signed by the individual requester or,
6 if the requester is a business entity, by the chief executive officer or other
7 designated officer of the business entity.

8 (c) The request to convert a registration to a license shall include all of the
9 following:

10 (1) A completed Request for Conversion of a Third Party Proposition
11 Player Services Registration to a License (CGCC-437, New 6/04),
12 which is hereby incorporated by reference.

13 (2) Two (2) two-by-two inch color passport-style photographs of a
14 requester that is an individual taken no more than 30 days before
15 submission of the request to the Commission.

16 (3) The supplemental information package.

17 (4) A sum of money that, in the judgment of the Director of the Division,
18 will be adequate to pay the anticipated investigation and processing
19 costs, in accordance with Business and Professions Code section
20 19867.

21 (d) Nothing in this chapter shall require the Commission or Division to divulge
22 to the requester any confidential information received from any law
23 enforcement agency or any information received from any person with

1 assurances that the information would be maintained as confidential.
2 Nothing in this chapter shall require the Commission or Division to divulge
3 any information that might reveal the identity of any source of information
4 or jeopardize the safety of any person.

5 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

6 **Reference:** Section 19984, Business and Professions Code

7
8 **Section 12218.5** **Withdrawal of Request to Convert**
9 **Registration to License**

- 10
11 (a) A request for withdrawal of a request to convert a registration to a license
12 may be made at any time prior to final action upon the request by the
13 Director by the filing of a written request to withdraw with the Commission.
14 For the purposes of this section, final action by the Division means a final
15 determination by the Director regarding his or her recommendation on the
16 request to the Commission.
- 17 (b) The Commission shall not grant the request unless the requester has
18 established that withdrawal of the request would be consistent with the
19 public interest and the policies of the Gambling Control Act and this chapter.
20 If a request for withdrawal is denied, the Division may go forward with its
21 investigation and make a recommendation to the commission upon the
22 request, and the Commission may act upon the request to convert as if no
23 request for withdrawal had been made.
- 24 (c) If a request for withdrawal is granted with prejudice, the requester thereafter
25 shall be ineligible to renew its request until the expiration of one year from

1 the date of the withdrawal. Unless the Commission otherwise directs, no
2 payment relating to any request is refundable by reason of withdrawal of
3 request.

4 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

5 **Reference:** Section 19984, Business and Professions Code

6
7 **Section 12218.7** **Processing Times--Request to Convert**
8 **Registration to License**
9

10 (a) Except as provided in subsection (b), a request to convert a
11 registration to license submitted pursuant to this chapter shall be
12 processed within the following timeframes:
13

14 (1) The maximum time within which the Commission shall notify the
15 applicant in writing that a request or a resubmitted request is complete
16 and accepted for initial processing by the Commission, or that a
17 request or a resubmitted requested is deficient and identifying what
18 specific additional information is required, is 20 days after receipt of
19 the request. For the purposes of this section, “request” means the
20 Request for Conversion of a Third Party Proposition Player Services
21 Registration to a License (CGCC-437, New 6/04), which was
22 incorporated by reference in Section 12218. A request is not complete
23 unless accompanied by (1) a copy of the summons from the Division
24 setting a deadline for filing the request with the Commission and (2)
25 the supplemental information package required by section 12218(c)(3)
26 for review by the Division pursuant to paragraph (3) of this subsection

1 for persons affiliated with the primary owner to whom the summons
2 was addressed. The supplemental information shall not be reviewed
3 for completeness by the Commission.

4
5 (2) A request and the supplemental information package shall be
6 forwarded by the Commission to the Division for processing within
7 10 days of the date that the Commission determines that the request is
8 complete.

9
10 (3) The Division shall review the supplemental information package
11 submitted for completeness and notify the applicant of any
12 deficiencies in the supplemental information package, or that the
13 supplemental information package is complete, within 45 days of the
14 date that the request and supplemental information package are
15 received by the Division from the Commission. Notwithstanding this
16 subsection, subsequent to acceptance of the supplemental information
17 package as complete, the Division may, pursuant to Business and
18 Professions Code section 19866, require the requester to submit
19 additional information.

20
21 (4) Pursuant to Business and Professions Code section 19868, the
22 Division shall, to the extent practicable, submit its recommendation to
23 the Commission within 180 days after the date the Division is in
24 receipt of both the completed request pursuant to paragraph (2) of this
25 subsection and the completed supplemental information package
26 pursuant to paragraph (3) of this subsection. If the Division has not

1 concluded its investigation within 180 days, then it shall inform the
2 applicant and the Commission in writing of the status of the
3 investigation and shall also provide the applicant and the Commission
4 with an estimated date on which the investigation may reasonably be
5 expected to be concluded.

6
7 (5) The Commission shall grant or deny the request within 120 days after
8 receipt of the final written recommendation of the Division
9 concerning the request, except that the Commission may notify the
10 applicant in writing that additional time, not to exceed 30 days, is
11 needed.

12
13 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

14 **Reference:** Section 19984, Business and Professions Code sections
15

16 **Section 12218.11** **Ineligibility for Licensing**

17 A requester shall be ineligible for licensing for any of the following causes:

18 (a) Except for an individual seeking licensing as “other employee,” an
19 individual applicant is under the age of 21.

20 (b) The requester has been convicted of any felony, including a conviction in a
21 court of the United States or any other state of an offense that is classified as
22 a felony by the laws of this state.

23 (c) The requester has, within the ten year period immediately preceding the
24 submission of the request to convert, been convicted of a misdemeanor

1 involving a firearm or other deadly weapon, gaming or gaming-related
2 activities prohibited by Chapter 9 (commencing with Section 319) or
3 Chapter 10 (commencing with section 330) of Title 9 of Part 1 of the Penal
4 Code, violations of the Gambling Control Act, or dishonesty or moral
5 turpitude.

6 (d) If the request to convert is for licensing as an owner, supervisor, or player,
7 the requester has been subject to a final administrative or judicial
8 adjudication revoking a registration or license under this chapter or a state
9 gambling license, key employee license, work permit or finding of
10 suitability or has had an application denied under this chapter or the
11 Gambling Control Act.

12 (e) The requester would be ineligible for a state gambling license under any of
13 the criteria set forth in Business and Professions Code section 19859,
14 subdivisions (b), (e), or (f), the terms of which are incorporated by reference
15 and hereby expressly made applicable to requests to convert under this
16 chapter.

17 (e) The requester would be ineligible for a state gambling license under
18 Business and Professions Code section 19858, the terms of which are
19 incorporated by reference and hereby expressly made applicable to
20 applications for registration under this chapter.

21 (f) The requester has violated one or more of the prohibitions set forth in
22 Subsection 12200.7(b)(5), (11) and (20) or Subsection 12200.7(c)(1) and (3).

1 (g) The requester has failed to comply with one or more of the requirements set
2 forth in Subsection 12200.7(b)(8), (9), (15), (16), (17), (18) or (21) or in
3 Subsection 12200.7(c)(2) and (e).

4 (h) The applicant is ineligible based on any other provision of law.

5 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

6 **Reference:** Section 19984, Business and Professions Code

7
8
9 **Section 12218.13 Term of License**

10 All initial licenses shall be issued for a period of two years. Due to nonrecurring
11 workload problems associated with the processing of the first round of requests to
12 convert registrations to licenses, all other initial licenses that are granted within
13 two years of the effective date of these regulations shall be issued for a period of
14 two years. Beginning July 1, 2007, all licenses other than player licenses shall be
15 issued for a period of one year, except as otherwise provided by a subsequently
16 adopted regulation of the Commission.

17 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

18 **Reference:** Section and 19984, Business and Professions Code

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Chapter 2.2 Gambling Businesses: Registration; Licensing

Article 1. Definitions and General Provisions

Article 2. Registration

Article 3. Licensing

Chapter 2.2 Gambling Businesses: Registration; Licensing

Article 1. Definitions and General Provisions

- Section 12220. Definitions
- Section 12220.1 Certificate
- Section 12220.3 Badge
- Section 12220.5 Replacement Badge
- Section 12220.6 Transfer of Player Registration of License
- Section 12220.13 Playing Book
- Section 12220.14 Organization Chart and Employee Report
- Section 12220.15 Transfer and Sales

1 Section 12220.16 Inspections and Investigations

2 Section 12220.17 Emergency Orders

3 Section 12220.18 Revocation

4 Section 12220.20 Annual Fee

5 Section 12220.21 Compliance

6 Section 12220.23 Exclusion

7 **Article 2. Registration**

8 Section 12220.25 Transition to Licensing

9 Section 12221. Registration

10 Section 12222. Application for Registration

11

12 Section 12223. Processing of Applications

13 Section 12224. Ineligibility for Registration

14

15 Section 12225. Cancellation of Registration

16

17 Section 12226. Badge [to be repealed]

18

19 Section 12227. Transfers and Sales [to be repealed]

20

1 Section 12228. Inspections [to be repealed]

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3 Section 12229. Compliance [to be repealed]

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5 Section 12230. Revocation [to be repealed]

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7 Section 12231. Emergency Orders [to be repealed]

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9 Section 12232. Exclusion [to be repealed]

10

11 **Article 3. Licensing**

12 Section 12233 Request to Convert Registration to License

13 Section 12234 Withdrawal of Request to Convert Registration to
14 License

15 Section 12235 Processing Times--Request to Convert
16 Registration to License

17 Section 12236 Ineligibility for Licensing

18 Section 12237 Term of License

19

1 **Article 1. Definitions and General Provisions**

2
3 **Section 12220. Definitions**

4 (a) Except as otherwise provided in subsection (b), the definitions in Business
5 and Professions Code section 19805 shall govern the construction of this
6 chapter.

7 (b) As used in this chapter:

8 (1) “Applicant” means the applicant for registration under this chapter,
9 including in the case of an owner that is a corporation, partnership, or
10 any other business entity, all persons whose registrations or licenses
11 are required to be endorsed upon the primary owner’s registration or
12 license certificate.

13 (2) “Authorized player” means an individual associated with a particular
14 primary owner whose badge authorizes play in a controlled game on
15 behalf of the primary owner, including the primary owner, all other
16 owners, all supervisors, and all players. “Authorized player” does not
17 include funding sources. Only authorized players may perform the
18 functions of a supervisor or player.

19 (3) “Badge” means a form of identification issued by the Commission
20 identifying a registrant or licensee. A badge authorizing play in a
21 controlled game shall be of a distinctly different color than a badge
22 that identifies a registrant or licensee, but does not authorize play.

1 ~~(3)~~(4) “Bureau” means the Bureau of Criminal Identification and
2 Information of the California Department of Justice.

3 ~~(4)~~(5) “Commission” means the California Gambling Control Commission.

4 ~~(5)~~(6) “Deadly weapon” means any weapon, the possession or concealed
5 carrying of which is prohibited by Penal Code section 12020.

6 ~~(6)~~(7) “Division” means the Division of Gambling Control in the California
7 Department of Justice. Information that this chapter requires to be
8 sent to the Division shall be submitted in writing to the Sacramento
9 office of the Division.

10 ~~(7)~~(8) “Executive Director” means the Executive Director of the
11 Commission or such other person as may be designated by the
12 Commission.

13
14 ~~(8)~~(9) “Funding source” means any person that provides financing, including
15 but not limited to loans, advances, any other form of credit, chips, or
16 any other representation or thing of value, to an owner-registrant or
17 owner-licensee, other than individual registrants under Subsection (d)
18 of Section 12201 or licensees. “Funding source” does not include any
19 federally or state chartered lending institution or any of the following
20 entities that in the aggregate owns at least one hundred million dollars
21 (\$100,000,000) of securities of issuers that are not affiliated with the
22 entity:
23

- 1 (A) Any federally-regulated or state-regulated bank or savings
2 association or other federally- or state-regulated lending
3 institution.
- 4
- 5 (B) Any company that is organized as an insurance company, the
6 primary and predominant business activity of which is the
7 writing of insurance or the reinsuring of risks underwritten by
8 insurance companies, and that is subject to supervision by the
9 Insurance Commissioner of California, or a similar official or
10 agency of another state.
- 11
- 12 (C) Any investment company registered under the federal
13 Investment Company Act of 1940 (15 U.S.C. sec. 80a-1 et
14 seq.).
- 15
- 16 (D) Any retirement plan established and maintained by the United
17 States, an agency or instrumentality thereof, or by a state, its
18 political subdivisions, or any agency or instrumentality of a
19 state or its political subdivisions, for the benefit of its
20 employees.
- 21
- 22 (E) Any employee benefit plan within the meaning of Title I of the
23 federal Employee Retirement Income Security Act of 1974 (29
24 U.S.C. sec. 1001 et seq.).
- 25
- 26 (F) Any securities dealer registered pursuant to the federal

Securities Exchange Act of 1934 (15 U.S.C. sec. 78a et seq.).

(G) Any entity, all of the equity owners of which individually meet the criteria of this paragraph (8).

~~(9)~~(10) “Gambling business,” except as otherwise provided in this paragraph, means a business enterprise that engages the services of employees, independent contractors, or both to participate in the play of any controlled game in a gambling establishment that has a rotating player-dealer position as permitted by Penal Code section 330.11 “Gambling business” also refers to the conduct of such a business enterprise in a gambling establishment. “Gambling business” does not, however, include the provision of proposition player services subject to Chapter 2 (commencing with Section 12200) of this title.

~~(10)~~(11) “Gambling Control Act” or “Act” means Chapter 5 (commencing with Section 19800) of Division 8 of the Business and Professions Code.

(12) “License” means a license issued by the Commission pursuant to article 3 of this chapter.

(A) There are four license categories entitling the holder to operate a gambling business:

(i) primary owner,

(ii) owner, if issued a playing badge,

1 (iii) supervisor, and

2 (iv) player.

3 (B) All other employees of the primary owner who are
4 present in the gambling establishment during the conduct
5 of the gambling business shall be licensed as “other
6 employee” and shall be required to submit an application
7 and be approved or denied based upon the same criteria
8 that apply to a player.

9
10 (13) “Licensee” means a person having a valid license.

11
12 (14) "Organization chart" means a chart that identifies the names and titles
13 of all owners, as defined in section 12220, supervisors, and any
14 persons having significant influence over the operation of gambling
15 business; the percentage of ownership, if any, held by each identified
16 individual or entity; and the reporting relationship for each identified
17 individual or entity.

18 ~~(14)~~(15) “Owner” includes all of the following:

19 (A) A sole proprietor, corporation, partnership, or other business entity
20 that provides or proposes to conduct a gambling business.

21 (B) Any individual specified in subsection (d) of Section 12221, and

22 (C) Any funding source.

23 (16) “Playing Book” means a record documenting each session of play by
24 a third-party proposition player.

1
2 (17) “Preference” means and is limited to both of the following if
3 sanctioned by house rule or otherwise directed by the house or its
4 employees:

5 (A) Any priority in the continuous and systematic rotation of the
6 deal, as required by Penal Code section 330.11, such that a
7 registrant becomes entitled by reason of the priority to
8 occupy the player-dealer position more often than other
9 players. Nothing in this paragraph precludes the house from
10 assigning a particular seat to a registrant.

11 (B) Any advantage to the registrant over other players in the
12 placement of wagers.

13 ~~(12)~~(17) “Primary Owner” means the owner specified in subparagraph
14 (A) of paragraph ~~(11)~~ (15) of this subsection.

15 (18) “Rebate” means a partial return by an authorized proposition player of
16 chips or money to a patron who has lost the chips or money to the
17 authorized player through play in a controlled game at a gambling
18 establishment.

19 ~~(13)~~(18) “Registrant” means a person having a valid registration.

20 ~~(14)~~(19) “Registration” means a registration issued by the Commission
21 pursuant to this chapter. There are four registration categories
22 entitling the holder to participate in the operation of a gambling
23 business: primary owner, owner, supervisor, and player. All other

1 employees of the primary owner who are present in the gambling
2 establishment during the operation of the gambling business shall be
3 registered as “other employee.” A primary owner issued a playing
4 badge and an owner issued a playing badge may also perform the
5 functions of a supervisor or player, and the holder of a supervisor’s
6 registration or license may also perform the functions of a player. No
7 registrant, other than an owner issued a playing badge, supervisor, or
8 player, may possess, direct, or otherwise control currency, chips, or
9 other wagering instruments used for play as part of the operation of a
10 gambling business. An individual registered or licensed as an “other
11 employee” may not function as a player unless and until that
12 individual applies for and obtains a registration or a license as player.

13 (20) “Session of play” as used in Section 12220.13 (“Playing Books”)
14 means a continuous work shift of third-party proposition player
15 services provided by an individual proposition player.

16 (21) “Supervisor” means an individual who, in addition to any
17 supervisory responsibilities, has authority, on behalf of the primary
18 owner, to provide or direct the distribution of currency, chips, or other
19 wagering instruments to players engaged in the provision of third-
20 party proposition player services in a gambling establishment.

21 (22) “Supplemental information package” means all of the documentation
22 and deposits required by each of the following forms to be submitted
23 to the Commission in response to a summons issued by the Division
24 pursuant to Section 12220.25:

1 (A) Primary owners as defined in Section 12220(b), shall complete
2 the form Level IV Supplemental Information-Providers of
3 Proposition Player Service and Funding Sources (DGC-APP.
4 035, Rev. 06/04) for a level IV investigation.

5
6 (B) Owners, as defined in Section 12220(b), that are a natural
7 person shall complete the form Level III Supplemental
8 Information-Individual (DGC-APP. 034A, Rev. 06/04) for a
9 level III investigation.

10
11 (C) Owners, as defined in Section 12220(b), that are not a natural
12 person shall complete the form Level III Supplemental
13 Information-Business (DGC-APP. 034B, Rev. 06/04) for a
14 level III investigation.

15
16 (D) Supervisors, as defined in Section 12220(b) shall compete the
17 form Level II Supplemental Information (DGC-APP. 033, Rev.
18 06/04) for a level II investigation.

19
20 (E) Other employees, independent contractors, and players shall
21 complete the form Level I Supplemental Information (DGC-
22 APP. 032, Rev. 06/04) for a level I investigation.

23
24 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
25 Code

1 **Reference:** Sections 19805 and 19853(a)(3), Business and Professions Code

2
3 **Section 12220.1 Certificate**

4 (a) The Commission shall issue a registration or license certificate, as
5 applicable, to each primary owner.

6 (b) The Commission shall endorse upon each certificate the names of all other
7 owners affiliated with the primary owner.

8 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
9 Code

10 **Reference:** Sections 19805 and 19853(a)(3), Business and Professions Code

11 **Section 12220.3 Badge**

12 (a) All individuals registered or licensed as primary owners, owners,
13 supervisors, players, or other employees of the primary owner shall wear in
14 a prominently visible location a numbered badge issued by the Commission
15 when present in a gambling establishment during the operation of the
16 gambling business. If an individual ceases to be employed by or affiliated
17 with a particular primary owner, that individual shall surrender his or her
18 badge to the primary owner. The primary owner shall notify the
19 Commission and the Division in writing within 10 days of the change in
20 status using Change of Status Form for a Gambling Business Registration
21 (CGCC-541, New 06/04), which is hereby incorporated by reference. Any
22 primary owner receiving a badge from an individual formerly employed by
23 or affiliated with the primary owner shall return the badge to the
24 Commission within 10 days of receiving the badge from the holder.

1 (b) The words “GAMBLING BUSINESS PLAYER REGISTRANT,” “NON-
2 PLAYER GAMBLING BUSINESS REGISTRANT,” “GAMBLING
3 BUSINESS PLAYER LICENSEE,” OR NON-PLAYER GAMBLING
4 BUSINESS LICENSEE” in capital letters shall be prominently displayed on
5 the front of the badge. The first name of the registrant or licensee shall
6 appear on the front of the badge. The full name of the registrant or licensee
7 shall be printed on the reverse side of the badge, together with the
8 registrant’s or licensee’s category of registration or licensing as an owner,
9 supervisor, player, or other employee.

10 (c) On the badge, there shall be displayed the picture of the registrant or
11 licensee submitted with the application, the badge number, and expiration
12 date. On the badge there shall be displayed the name of the primary owner
13 employing the registrant or licensee, which shall be the fictitious business
14 name, if any, established pursuant to Chapter 5 (commencing with Section
15 17900) of Part 3 of Division 7 of the Business and Professions Code.

16 (d) Upon renewal of each registration and upon issuance of each registration or
17 license, authorized players shall be issued a badge of one color; individuals
18 not authorized to play shall be issued a badge of a distinctly different color.

19 (e) An individual registered as a player with a particular primary owner shall
20 apply for and obtain a new badge before beginning to work for an additional
21 primary owner.

22 (f) Registration, licenses, and badges are specific to the primary owner. A
23 gambling business cannot be operated without first applying for and
24 obtaining a registration, license, or badge.

1 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
2 Code

3 **Reference:** Sections 19805 and 19853(a)(3), Business and Professions Code

4
5 **Section 12220.5 Replacement of Badge**

6
7 **(a)** Upon application, the Executive Director or other person designated by the
8 Commission shall issue a replacement badge if all of the following
9 conditions are met:

10 (1) The applicant has a current valid registration or license.

11 (2) The application is complete and has been submitted on the form
12 Request for Replacement Gambling Business Badge (CGCC-538,
13 New 06/04), which is hereby incorporated by reference.

14 (3) The applicant has supplied all of the following to the
15 Commission:

16 **(A)** A two by two inch color passport-style photograph taken
17 no more than 30 days before submission to the
18 Commission of the badge replacement or transfer request.

19 **(B)** A nonrefundable \$25.00 fee payable to the Commission.

20 **(C)** The category of the position and information concerning the
21 primary owner for which the replacement badge is requested:
22 the name of the primary owner, mailing address, voice
23 telephone number, facsimile number (if any), and email address
24 (if any).

1 (D) A statement under penalty of perjury that a replacement badge
2 is needed due to loss or destruction of the originally issued
3 badge.

4 (b) A replacement badge issued pursuant to this section shall be valid during the
5 unexpired term of the previously issued registration or license.

6 (d) Upon issuance of the replacement badge, the previously
7 issued badge for that gambling business shall become void and shall not be
8 used.

9 (e) Replacement badges shall be issued by the Commission within seven days of
10 receipt of a complete application.

11 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
12 Code

13 **Reference:** Section and 19853(a)(3), Business and Professions Code
14

15 **Section 12220.6 Transfer of Player Registration or License**
16

17 (a) Upon application, the Executive Director or other person designated by the
18 Commission shall issue a player transfer badge if all of the following
19 conditions are met:

20 (1) The applicant has a currently valid registration or license.

21 (2) The application is complete and has been submitted on the form
22 Request for Transfer of Gambling Business Registration/License
23 (CGCC-539, New 06/04), which is hereby incorporated by reference.

24 (3) The applicant has supplied all of the following to the
25 Commission:

26 (A) A two by two inch color passport-style photograph taken

1 no more than 30 days before submission to the
2 Commission of the badge transfer request.

3 (B) A nonrefundable \$250.00 fee payable to the Commission.

4 (C) The names of the current and future primary owner, mailing
5 address, voice telephone number, facsimile number (if any),
6 and email address (if any).

7
8 (b) A transfer badge issued pursuant to this section shall be valid during the
9 unexpired term of the previously issued registration or license.

10 (d) Upon issuance of the transfer badge, the previously
11 issued badge for that third-party proposition services provider shall become
12 void and shall not be used.

13 (e) Transfer badges shall be issued by the Commission within seven days of
14 receipt of a complete application.

15 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
16 Code

17 **Reference:** Sections 19805 and 19853(a)(3), Business and Professions Code
18

19 **Section 12220.13 Playing Book**

20 (a) The primary owner shall be responsible for assuring that its players maintain
21 accurate, complete, and up-to-date playing books for all sessions of play
22 worked in conformity with regulations of the Commission. The information
23 in the playing-book record shall be transferred to the primary owner, or a
24 supervisor designated by the primary owner at the end of each session of

1 play. The primary owner shall maintain this information in English at a
2 single location in the State of California, and shall maintain the original
3 playing book records in the State of California, for at least five years. The
4 location or locations where the records of this information and the original
5 playing book records are maintained, and any change therein, shall be
6 disclosed to the Commission and Division by written notice mailed or
7 delivered within five business days after establishing or changing such a
8 location.

9 (b) Playing books shall be prepared and maintained as follows:

10 (1) Playing book forms shall be reviewed and approved or disapproved by
11 the Division.

12 (2) Each form in the playing book shall be recorded in ink and include,
13 but not be limited to, the following information:

14 (A) Sequential numbers. Any unused form shall be voided and
15 maintained in the playing book.

16 (B) Specify the name of the gambling establishment where play
17 occurred.

18 (C) The date when play occurred.

19 (D) Beginning and ending balances.

20 (E) All fills and credits affecting the balance shall be individually
21 identified.

1 (F) The printed full name and badge number of the player, which
2 includes owners, supervisors, and/or players.

3 (G) The table number.

4 (H) The specific name of the Division-approved gaming activity.

5 (I) The name of the primary owner.

6 (3) The form for each session of play shall be dated and signed under
7 penalty of perjury by the person who prepared it and shall include a
8 declaration in the following form: "I declare under penalty of perjury
9 under the laws of the State of California that the foregoing is true and
10 correct."

11 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
12 Code

13 **Reference:** Sections 19805 and 19853(a)(3), Business and Professions Code
14

15 **Section 12220.14. Organization Chart and Employee Report**
16

17 (a) No later than September 1, 2004, each registered primary owner shall submit
18 a current organization chart and a listing of all employees and independent
19 contractors to the Division and the Commission. The listing of employees
20 shall be submitted on the form Gambling Business Employee and
21 Independent Contractor Report (CGCC-540, New 06/04), which is hereby
22 incorporated by reference.

1 (b) Upon renewal of the registration or license and six months thereafter, each
2 registered or licensed primary owner shall submit an updated organization
3 chart and a listing of all employees to the Division and the Commission.

4 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
5 Code

6 **Reference:** Section 19853(a)(3), Business and Professions Code

7 **Section 12220.15 Transfers and Sales**

8 (a) No individual who is an owner shall in any manner transfer any interest in
9 the proposition player services operation to any person, firm, or corporation
10 until the proposed transferee or transferees have made application for and
11 obtained registration or licensing as an owner from the Commission.

12 Applications for a transfer of the interest shall be made by the transferee
13 applying for registration or licensing under this regulation. Evidence of the
14 transferor's agreement to transfer the interest shall accompany the
15 application for registration or licensing.

16 (b) The proposed articles of incorporation and sales and transfer agreement shall
17 be submitted to the Commission for approval prior to submission of any
18 application.

19 (c) The effective date of the sale shall be at least 90 days after receipt of the
20 application, or such other shorter time period as shall be set by the Executive
21 Director with the agreement of the applicant.

22 (d) The primary owner shall notify the Division and the Commission in writing
23 within ten days of any change to the organization chart.

1 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
2 Code

3 **Reference:** Section 19853(a)(3), Business and Professions Code
4

5 **Section 12220.16. Inspections and Investigations**

6 (a) When requested by a representative of the Division, a registrant or licensee
7 shall immediately permit the Division representative, in accordance with the
8 request, to inspect, copy, or audit all requested documents, papers, books,
9 and other records of the registrant or licensee related to the gambling
10 business. If the records are maintained in electronic form and the registrant
11 or licensee is requested to do so, the registrant or licensee shall provide a
12 printed copy in English pursuant to this section within 24 hours of the
13 request.

14 (b) If requested in writing by the Executive Director, the Division shall conduct
15 an inspection or investigation of a registrant or a licensee. Within 30 days
16 of receipt of the request, the Division shall advise the Executive Director in
17 writing of the status of the inspection or investigation and shall also provide
18 an estimated date on which the inspection or investigation may reasonably
19 be expected to be concluded. Upon completion of the inspection or
20 investigation, the Division shall provide a final written report to the
21 Executive Director.

22 (c) Nothing in this chapter precludes Commission staff from carrying out their
23 duties under applicable statutes and regulations.

(d) All records required by this chapter shall be maintained in English, in California, for at least five years.

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

Reference: Section 19853(a)(3), Business and Professions Code

Section 12220.17 Emergency Orders

Registrants and licensees under this chapter shall be subject to emergency orders under Business and Professions Code section 19931.

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

Reference: Section 19853(a)(3), Business and Professions Code

Section 12220.18 Revocation

The Commission may revoke a registration or license, upon any of the following grounds, after a hearing conducted pursuant to the same procedures applicable to the revocation of a gambling establishment license:

(a) The registrant or licensee committed, attempted to commit, or conspired to commit any acts prohibited by the Gambling Control Act or this chapter.

(b) Any act or omission by the registrant that would disqualify the registrant from obtaining registration under this chapter. Any act or omission by the

1 licensee that would disqualify the licensee from obtaining licensing under
2 this chapter.

3 (c) The registrant or licensee engaged in any dishonest, fraudulent, or unfairly
4 deceptive activities in connection with controlled gambling, including any
5 violation of laws related to cheating.

6 (d) The registrant or licensee failed or refused to comply with the requirements
7 of Section 12200.16 (Inspections and Investigations).

8 (e) The registrant or licensee failed or refused to comply with the requirements
9 of Section 12200.14 (Organization Chart and Employee Report).

10 (f) The registrant or licensee concealed or refused to disclose any material fact
11 in any inquiry by the Division or the Commission.

12 (g) The registrant or licensee committed, attempted, or conspired to commit any
13 embezzlement or larceny against a gambling licensee or proposition player
14 registrant or upon the premises of a gambling establishment.

15 (h) The registrant or licensee has been lawfully excluded from being present
16 upon the premises of any licensed gambling establishment for any reason
17 relating to cheating or any violation of the Gambling Control Act by the
18 registrant.

19 (i) The registrant or licensee buys or sells chips outside the cage, except for
20 exchanging with a patron chips of one denomination for chips of another
21 denomination.

1 (j) The registrant or licensee lends money or chips to gambling establishment
2 patrons or proposition players, except for exchanging with a patron chips of
3 one denomination for chips of another denomination.

4 (k) The primary owner or any other owner knowingly permitted one or more of
5 the owner's supervisors or players to commit any act described in
6 subsections (a) to (j), inclusive.

7 (l) The primary owner or any other owner knew, or failed to implement
8 reasonable oversight procedures that would have apprised the owner, that
9 one or more of the registrants or licensees was in violation of one or more
10 provisions of this chapter or of the Gambling Control Act and failed or
11 refused to take action to prevent the recurrence of the violation or violations.

12 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
13 Code

14 **Reference:** Section 19853(a)(3), Business and Professions Code

15
16 **Section 12220.20 Annual Fee**

17 (a) No later than September 1 of each year, beginning September 1, 2004, each
18 registered primary owner shall submit to the Commission the annual fee set
19 forth in subsection (b) of this section, based on the total number of
20 registrations affiliated with that primary owner on August 15, 2004.

21 (b) Within 30 days of approval of any request to convert a registration to a
22 license, the Commission shall notify the licensee of any additional fees owed
23 for the term of the license granted, allowing pro rata credit on a monthly

1 basis for any annual fee paid in connection with a registration that has not
2 expired.

3
4 (c) The annual fee shall be computed based on the following schedule reflecting
5 the total number of registrants affiliated with a particular primary owner on
6 the date of assessment:

7 <u>Category</u>	<u>Number of Registrants</u>	<u>Fee Per Registrant</u>
8		
9 <u>A</u>	<u>1—5</u>	<u>\$2800</u>
10		
11 <u>B</u>	<u>6--35</u>	<u>\$3050</u>
12		
13 <u>C</u>	<u>36--175</u>	<u>\$3300</u>
14		
15 <u>D</u>	<u>176—400</u>	<u>\$3550</u>
16		
17 <u>E</u>	<u>401--900</u>	<u>\$3800</u>
18		
19 <u>F</u>	<u>901--1200</u>	<u>\$4050</u>
20		
21 <u>G</u>	<u>1200 or more</u>	<u>\$4300</u>
22		

23 (d) (A) Upon advance written approval by the Executive Director, installment
24 payments submitted prior to conversion to licensure shall be permitted as
25 follows: one-third of the annual fee to be submitted no later than September
26 1, one-third no later than December 1, and the balance no later than March 1.

1 (B) Upon advance written approval by the Executive Director, installment
2 payments submitted after conversion to licensure shall be permitted as
3 follows: one-third of the annual fee to be submitted prior to issuance
4 of the license, one-third to be submitted three months thereafter, and
5 one-third to be submitted six months thereafter.

6 (e) Refunds shall not be available in the event of a subsequent decrease in the
7 number of registrants upon which the annual fee payment was based.

8 (f) Following assessment of the annual fee, if the primary owner increases the
9 number of its registrants above the number upon which the annual fee
10 assessment was based, the primary owner shall submit to the Commission
11 the additional per player fee set forth in subsection (b) of this section. No
12 new badges will be issued until the additional per player fees has been
13 received by the Commission.

14 (g) No renewal application shall be accepted by the Commission until any
15 delinquent annual fees have been paid in full.

16 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
17 Code

18 **Reference:** Section 19853(a)(3), Business and Professions Code
19

20 **Section 12220.21 Compliance**

21 (a) Registrants and licensees shall comply with game rules approved by the
22 Division, including but not limited to, the rules regarding player-dealer
23 rotation and table wagering. No registrant or licensee shall be accorded any
24 preference by the house over other players; provided, that a proposition
25 player contract may, at any table assigned for play by the contracted

1 registrant or licensee, preclude players of any other registrant or licensee
2 under this chapter or chapter 2.2 of this title from playing at that table during
3 the periods of play assigned by the proposition player contract for the
4 contracted registrant or licensee.

5 (b) Only an authorized player may possess, direct, or otherwise control
6 currency, chips, or other wagering instruments used for play in the
7 performance of a proposition player contract.

8 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

9 **Reference:** Section 19984, Business and Professions Code

11 **Section 12220.23 Exclusion**

12 (a) In order to promote the purposes of the Gambling Control Act to provide for
13 effective regulation of gambling enterprises, owner-licensees of gambling
14 establishments shall notify the Commission and Division of, and may
15 exclude from the gambling establishment, any person that the owner-
16 licensee reasonably believes is conducting a gambling business within the
17 gambling establishment without having been registered under this chapter.
18 An owner-licensee acting under this section shall notify the Commission and
19 Division in writing of any such unregistered person and any such exclusion,
20 including the identity of the excluded individuals and entity if known, within
21 10 business days following the exclusion. Upon receiving such notice of an
22 unregistered person, the Commission shall notify the person in writing of the
23 registration requirement of this chapter and shall notify all owner-licensees
24 of the name of the unregistered person, if known and may condition any

1 subsequent registration of the person under this chapter or Chapter 2.1 of
2 this title upon a 60 to 90 day suspension of registration or payment of a civil
3 penalty under Business and Professions Code section 19930(c), or both.

4 (b) An owner-licensee of a gambling establishment may exclude any registered
5 gambling business upon providing notification to the Commission and
6 Division in writing within five days following the exclusion.

7 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
8 Code

9 **Reference:** Sections 19853(a)(3) and 19931, Business and Professions Code
10

11

12 **Article 2. Registration**
13

14 **Section 12220.25 Transition to Licensing**

15 (a) The Division shall summon persons registered as primary owners, owners,
16 supervisors, players, and other employees for the purpose of applying for
17 licenses under this chapter. The Division shall summon primary owners,
18 owners, supervisors, players, and other employees as expeditiously as
19 possible in light of available program resources. The registration of any
20 registrant that fails or refuses to submit a Request for Conversion of a
21 Gambling Business Registration to a License (CGCC-537, New 06/04))(see
22 section 12233(c)) including any fees to the Commission within 30 days of
23 receiving a summons from the Division shall expire by operation of law on
24 the following day. Prior to and during review of a request to convert a
25 registration to a license, a registration shall remain valid and may be

1 renewed by the registrant as necessary, upon application and approval of
2 renewal of registration.

3 (b) If the registration expires by operation of law, the former registrant shall
4 submit a new request to convert a registration to a license and a new
5 nonrefundable application fee.

6 (c) The transition from registration to licensing for applications approved prior
7 to April 30, 2004, shall be completed no later than July 1, 2007.

8 (d) A request to convert a registration to a license shall require only payment of
9 a sum of money that, in the judgment of the Director of the Division, will be
10 adequate to pay the anticipated investigation and processing costs, in
11 accordance with Business and Professions Code section 19867.

12 (e) If a license is issued, it will expire as provided in Section 12218.19 (Term of
13 License).

14 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

15 **Reference:** Section 19984, Business and Professions Code

18 **Section 12221. Registration**

19 (a) On and after March 5, 2004, no person may engage in a gambling business
20 as an owner or as an employee or independent contractor of an owner, nor
21 may any person obtain a badge as required by Section 12226 without a
22 current valid registration issued by the Commission. Persons registered to
23 provide proposition player services under Chapter 2 (commencing with
24 Section 12200) of this title are not required to register under this chapter to

1 provide proposition player services pursuant to one or more proposition
2 player contracts approved by the Division pursuant to Section 12208 of this
3 title.

4 (b) Registration shall be issued for a period of one year.

5 (c) If a primary owner is a corporation, partnership, or other business entity,
6 each owner and individual having a relationship to that entity specified in
7 Business and Professions Code section 19852, subdivisions (a) to (h),
8 inclusive, shall individually apply for and obtain registration as an owner
9 listed on the business entity's registration certificate.

10 (d) Any application for registration of any person, other than as the primary
11 owner, shall designate the primary owner or owners that will employ the
12 applicant or with whom the applicant otherwise will be affiliated. The
13 registration certificate issued to any person, other than the primary owner,
14 shall specify the name of the registered primary owner that employs the
15 applicant or with whom the applicant is otherwise affiliated.

16
17 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
18 Code

19
20 **Reference:** Section 19853(a)(3), Business and Professions Code

21
22 **Section 12222. Application for Registration**

1 (a) The application for registration shall designate whether registration is
2 requested as a primary owner, other owner, or employee or independent
3 contractor of the primary owner. The application shall be signed by both the
4 individual applicant and the designated agent, or, if the applicant is a
5 business entity, by the chief executive officer or other designated officer of
6 the business entity.

7 (b) An application for registration shall include all of the following:

8 (1) Payment of a nonrefundable application fee in the amount of five
9 hundred dollars (\$500).

10 (2) A completed Application for Gambling Business Registration
11 (~~CGCC-037, rev. 02/04~~) (CGCC-535, Rev. 06/04), which is hereby
12 incorporated by reference.

13 (3) A properly completed Request for Live Scan Service (California
14 Department of Justice Form BCII 8016, rev. 4/01) of an applicant that
15 is an individual, confirming that the applicant's fingerprints have been
16 submitted to the Bureau for an automated background check and
17 response.

18 (4) Two two-by-two inch color passport-style photographs of an applicant
19 that is an individual taken no more than one year before submission of
20 the application to the Commission.

21 (c) An applicant shall submit such supplemental information as may be required
22 by the ~~Commission~~ form Gambling Business Registration Supplemental
23 Information (~~CGCC-038, rev. 02/04~~) (CGCC-536, Rev. 06/04), which is

hereby incorporated by reference, or by the Division as necessary for completion of its review as provided in this chapter.

- (d) An applicant for registration shall make full and true disclosure of all information to the Commission and Division as required for the application and as requested by the Commission or Division to carry out the policies of this state relating to controlled gambling.

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

Reference: Sections 19853(a)(3) and 19951(a), Business and Professions Code

Section 12223. Processing of Applications

- (a) The Executive Director shall notify the applicant in writing within fifteen business days of receiving the application, that the application or resubmitted application is complete and accepted for filing, or that the application or resubmitted application is deficient. If an application for registration is incomplete, the Executive Director shall request in writing any information needed in order to complete the application. The applicant shall be permitted at least 60 but no more than 90 days in which to furnish the information. If the applicant fails to respond to the request, the application shall be deemed abandoned and no further action will be taken on it.

- (b) Upon determination that an application for registration is complete, the application shall be processed within 60 days and the Executive Director shall either issue the registration and, if applicable, the badge applied for or shall notify the applicant of denial and the grounds therefor under Section

1 12224. However, this time may be extended by the Executive Director for
2 no more than 30 additional days if necessary to obtain information required
3 to determine eligibility. The Executive Director shall promptly notify the
4 applicant in writing of any such delay, including the length of the extension.

5 (c) If the applicant submits a request for withdrawal of his or her application to
6 the Commission, the application shall be deemed abandoned and no further
7 action will be taken on it.

8 (d) The Commission shall provide written notice of abandonment of an
9 application to the applicant and the Division. If the application is for
10 registration as other than the primary owner, the Commission shall also
11 provide written notice of abandonment of the application to the primary
12 owner.

13 (e) Nothing in this chapter shall require the Commission or Division to divulge
14 to the applicant any confidential information received from any law
15 enforcement agency or any information received from any person with
16 assurances that the information would be maintained as confidential, and
17 nothing in this chapter shall require the Commission or Division to divulge
18 any information that might reveal the identity of any source of information
19 or jeopardize the safety of any person.

20 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
21 Code

22 **Reference:** Section 19853(a)(3), Business and Professions Code

Section 12224. Ineligibility for Registration

An applicant shall be ineligible for registration for any of the following causes:

- (a) The applicant has been convicted of any felony, including a conviction in a court of the United States or any other state of an offense that is classified as a felony by the laws of this state.
- (b) The applicant has, within the ten year period immediately preceding the submission of the application, been convicted of a misdemeanor involving a firearm or other deadly weapon, gaming or gaming-related activities prohibited by Chapter 9 (commencing with Section 319) or Chapter 10 (commencing with section 330) of Title 9 of Part 1 of the Penal Code, violations of the Gambling Control Act, or dishonesty or moral turpitude, not including convictions which have been expunged or dismissed as provided by law.
- (c) The applicant has been subject to a final administrative or judicial adjudication revoking a registration under this chapter or a state gambling license, key employee license, work permit or finding of suitability or has had an application denied under this chapter or the Gambling Control Act.
- (d) The applicant would be ineligible for a state gambling license under any of the criteria set forth in Business and Professions Code section 19859, subdivisions (b), (e), (f), or (g), the terms of which are incorporated by reference and hereby expressly made applicable to applications for registration under this chapter.

(e) The applicant would be ineligible for a state gambling license under Business and Professions Code section 19858, the terms of which are incorporated by reference and hereby expressly made applicable to applications for registration under this chapter.

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

Reference: Section 19853(a)(3), Business and Professions Code

Section 12225. Cancellation of Registration

(a) Any registration issued in accordance with this chapter shall be subject to cancellation pursuant to this section. A registration shall be cancelled if the Commission determines upon a noticed hearing that the registrant is ineligible for registration, has failed in the application for registration to reveal any fact material to the holder's qualification for registration, or has supplied information in the registration application that is untrue or misleading as to a material fact pertaining to the criteria for issuance of registration.

(b) If the Commission finds that any of the circumstances set forth in subsection (a) apply, then the Executive Director shall immediately do all of the following:

- (1) Provide written notice to the registrant and the Division of the cancellation of the registration and the grounds thereof, and provide written notice of the cancellation to the primary owner, if the registrant is not the primary owner and to all gambling establishments.

(2) Notify the registrant, if an individual, that he or she is required to surrender the registrant's badge to the Commission not more than ten days following the date that the notice of the cancellation was mailed or such greater time as is authorized by the Executive Director.

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code.

Reference: Section 19853(a)(3), Business and Professions Code

Section 12226. Badge

~~All individuals registered under this chapter shall wear in a prominently visible location a numbered badge issued by the Commission when present in a gambling establishment during the conduct of the registrant's gambling business. The words "GAMBLING BUSINESS REGISTRANT" in capital letters shall be prominently displayed on the badge above the picture of the registrant submitted with the application and the badge number, registrant's first name, and expiration date. The registrant's full name shall be printed on the reverse side of the badge.~~

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

Reference: Section 19853(a)(3), Business and Professions Code

Section 12227. Transfers and Sales

~~No individual who is an owner shall in any manner transfer any interest in the gambling business to any person, firm, or corporation not then an owner of an interest therein, and such a transfer shall not become effective for any purpose,~~

Emergency readoption/amendment: Proposition Player Regulation

Thursday, June 24, 2004, page 104

~~until the proposed transferee or transferees have made application for and obtained registration as an owner from the Commission. Applications for a transfer of the interest shall be made by the transferee applying for registration under this regulation. Evidence of the transferor's agreement to transfer the interest shall accompany the application for registration.~~

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

Reference: Section 19853(a)(3), Business and Professions Code

Section 12228. Inspections

~~When requested by a representative of the Commission or Division, a registrant shall immediately permit the Commission or Division representative, in accordance with the request, to inspect, copy, or audit all requested documents, papers, books, and other records of the registrant related to the gambling business. If the records are maintained in electronic form and the registrant is requested to do so, the registrant shall provide a printed copy pursuant to this section.~~

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

Reference: Section 19853(a)(3), Business and Professions Code

Section 12229. Compliance

1 ~~(a) Each primary owner shall remit such fees to defray the costs of compliance~~
2 ~~review and enforcement in the field as may be required by regulation of the~~
3 ~~Division.~~

4 ~~(b) No more than one registrant of a single gambling business shall~~
5 ~~simultaneously play at a table.~~

6 ~~(c) Registrants shall comply with game rules approved by the Division~~
7 ~~regarding player-dealer rotation and table wagering. No registrant shall be~~
8 ~~accorded any preference by the house over any other player. For purposes~~
9 ~~of this subsection, "preference" means and is limited to both of the~~
10 ~~following if sanctioned by house rule or otherwise directed by the house~~
11 ~~or its employees:~~

12 ~~(1) Any priority in the continuous and systematic rotation of the deal,~~
13 ~~as required by Penal Code section 330.11, such that a registrant~~
14 ~~becomes entitled by reason of the priority to occupy the player-~~
15 ~~dealer position more often than other players.~~

16 ~~(2) Any advantage to the registrant over other players in the placement of~~
17 ~~wagers.~~

18 ~~(d) No gambling business in which the house has any financial interest may play~~
19 ~~in the house.~~

20 ~~(e) No registrant may play in any a gambling establishment for which the~~
21 ~~registrant holds a state gambling license, key employee license, or work~~
22 ~~permit.~~

23 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
24 Code

Emergency readoption/amendment: Proposition Player Regulation

Thursday, June 24, 2004, page 106

1 **Reference:** Section 19853(a)(3), Business and Professions Code

2 **Section 12230. Revocation**

3 ~~The Commission may revoke a registration upon any of the following grounds,~~
4 ~~after a hearing conducted pursuant to the same procedures applicable to revocation~~
5 ~~of gambling establishment licenses:~~

6 ~~(a) The registrant committed, attempted to commit, or conspired to commit any~~
7 ~~acts prohibited by the Gambling Control Act or this chapter.~~

8 ~~(b) Any act or omission by the registrant that would disqualify the registrant~~
9 ~~from obtaining registration under this chapter.~~

10 ~~(c) The registrant engaged in any dishonest, fraudulent, or unfairly deceptive~~
11 ~~activities in connection with controlled gambling, including any violation of~~
12 ~~laws related to cheating.~~

13 ~~(d) The registrant failed or refused to comply with the requirements of Section~~
14 ~~12228.~~

15 ~~(e) The registrant concealed or refused to disclose any material fact in any~~
16 ~~inquiry by the Division or the Commission.~~

17 ~~(f) The registrant committed, attempted, or conspired to commit any~~
18 ~~embezzlement or larceny against a gambling licensee or upon the premises~~
19 ~~of a gambling establishment.~~

20 ~~(g) The registrant has been lawfully excluded from being present upon the~~
21 ~~premises of any licensed gambling establishment for any reason relating to~~
22 ~~cheating or any violation of the Gambling Control Act by the registrant.~~

Emergency readoption/amendment: Proposition Player Regulation

Thursday, June 24, 2004, page 107

~~(h) The primary owner or any other owner knowingly permitted one or more of the employees or independent contractors of the gambling business to commit any act described in subsections (a) to (f), inclusive.~~

~~(i) The primary owner or any other owner knew, or failed to implement reasonable oversight procedures that would have apprised the owner, that one or more of the employees or independent contractors of the gambling business was in violation of one or more provisions of this chapter or of the Gambling Control Act and failed or refused to take action to prevent the recurrence of the violation or violations.~~

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

Reference: Section 19853(a)(3), Business and Professions Code

Section 12231. Emergency Orders

~~Registrants under this chapter shall be subject to emergency orders under Business and Professions Code section 19931.~~

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

Reference: Sections 19853(a)(3) and 19931, Business and Professions Code

Section 12232. Exclusion

~~(a) In order to promote the purposes of the Gambling Control Act to provide for effective regulation of gambling enterprises, owner-licensees of gambling~~

~~establishments shall notify the Commission and Division of, and may
exclude from the gambling establishment, any person that the owner
licensee reasonably believes is conducting a gambling business within the
gambling establishment without having been registered under this chapter.
An owner licensee acting under this section shall notify the Commission and
Division in writing of any such unregistered person and any such exclusion,
including the identity of the excluded individuals and entity if known, within
10 business days following the exclusion. Upon receiving such notice of an
unregistered person, the Commission shall notify the person in writing of the
registration requirement of this chapter and shall notify all owner licensees
of the name of the unregistered person, if known and may condition any
subsequent registration of the person under this chapter or Chapter 2.1 of
this title upon a 60 to 90 day suspension of registration or payment of a civil
fine penalty under Business and Professions Code section 19930(e), or both.~~

~~(b) An owner licensee of a gambling establishment may exclude any registered
gambling business upon providing notification to the Commission and
Division in writing within five days following the exclusion.~~

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions
Code

Reference: Sections 19853(a)(3) and 19931, Business and Professions Code

ARTICLE 3. LICENSING

Section . 12233 Request to Convert Registration to License

1 (a) A request to convert a registration to a license shall be submitted only in
2 response to a written summons from the Division to a primary owner
3 pursuant to Section 12220.5. Each primary owner's request shall be
4 accompanied by the requests of all affiliated owners, supervisors, players,
5 and other employees.

6 (b) The request to convert a registration to a license shall designate whether the
7 license is requested as a primary owner, other owner, supervisor, player, or
8 other employee. The request shall be signed by the individual requester or,
9 if the requester is a business entity, by the chief executive officer or other
10 designated officer of the business entity.

11 (c) The request to convert a registration to a license shall include all of the
12 following:

13 (1) A completed Request for Conversion of a Gambling Business
14 Registration to a License (CGCC-537, New 06/04), which is hereby
15 incorporated by reference.

16 (2) Two (2) two-by-two inch color passport-style photographs of a
17 requester that is an individual taken no more than 30 days before
18 submission of the request to the Commission.

19 (3) The supplemental information package.

20 (4) A sum of money that, in the judgment of the Director of the Division,
21 will be adequate to pay the anticipated investigation and processing
22 costs, in accordance with Business and Professions Code section
23 19867.

(d) Nothing in this chapter shall require the Commission or Division to divulge to the requester any confidential information received from any law enforcement agency or any information received from any person with assurances that the information would be maintained as confidential. Nothing in this chapter shall require the Commission or Division to divulge any information that might reveal the identity of any source of information or jeopardize the safety of any person.

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

Reference: Sections 19853(a)(3) and 19931, Business and Professions Code

Section 12234 Withdrawal of Request to Convert

Registration to License

(a) A request for withdrawal of a request to convert a registration to a license may be made at any time prior to final action upon the request by the Director by the filing of a written request to withdraw with the Commission. For the purposes of this section, final action by the Division means a final determination by the Director regarding his or her recommendation on the request to the Commission.

(b) The Commission shall not grant the request unless the requester has established that withdrawal of the request would be consistent with the public interest and the policies of the Gambling Control Act and this chapter. If a request for withdrawal is denied, the Division may go forward with its investigation and make a recommendation to the commission upon the

1 request, and the Commission may act upon the request to convert as if no
2 request for withdrawal had been made.

3 (c) If a request for withdrawal is granted with prejudice, the requester thereafter
4 shall be ineligible to renew its request until the expiration of one year from
5 the date of the withdrawal. Unless the Commission otherwise directs, no
6 payment relating to any request is refundable by reason of withdrawal of
7 request.

8 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
9 Code

10 **Reference:** Sections 19853(a)(3) and 19931, Business and Professions Code

11
12 **Section 12235** **Processing Times--Request to Convert**
13 **Registration to License**
14

15 (a) Except as provided in subsection (b), a request to convert a registration to
16 license submitted pursuant to this chapter shall be processed within the
17 following timeframes:

18
19 (1) The maximum time within which the Commission shall notify the
20 applicant in writing that a request or a resubmitted request is complete
21 and accepted for initial processing by the Commission, or that a
22 request or a resubmitted requested is deficient and identifying what
23 specific additional information is required, is 20 days after receipt of
24 the request. For the purposes of this section, “request” means the
25 form Request for Conversion of a Gambling Business Registration to
26 a License (CGCC-537, New 06/04) which was incorporated by

1 reference in Section 12233. A request is not complete unless
2 accompanied by (1) a copy of the summons from the Division setting
3 a deadline for filing the request with the Commission and (2) the
4 supplemental information package required by section 12218(c)(3) for
5 review by the Division pursuant to paragraph (3) of this subsection for
6 persons affiliated with the primary owner to whom the summons was
7 addressed. The supplemental information shall not be reviewed for
8 completeness by the Commission.

9
10 (2) A request and the supplemental information package shall be
11 forwarded by the Commission to the Division for processing within
12 10 days of the date that the Commission determines that the request is
13 complete.

14
15 (3) The Division shall review the supplemental information package
16 submitted for completeness and notify the applicant of any deficiencies in
17 the supplemental information package, or that the supplemental
18 information package is complete, within 45 days of the date that the
19 request and supplemental information package are received by the
20 Division from the Commission. Notwithstanding this subsection,
21 subsequent to acceptance of the supplemental information package as
22 complete, the Division may, pursuant to Business and Professions Code
23 section 19866, require the requester to submit additional information.

24 (4) Pursuant to Business and Professions Code section 19868, the Division
25 shall, to the extent practicable, submit its recommendation to the
26 Commission within 180 days after the date the Division is in receipt

1 of both the completed request pursuant to paragraph (2) of this
2 subsection and the completed supplemental information package
3 pursuant to paragraph (3) of this subsection. If the Division has not
4 concluded its investigation within 180 days, then it shall inform the
5 applicant and the Commission in writing of the status of the
6 investigation and shall also provide the applicant and the Commission
7 with an estimated date on which the investigation may reasonably be
8 expected to be concluded.

9
10 (5) The Commission shall grant or deny the request within 120 days after
11 receipt of the final written recommendation of the Division
12 concerning the request, except that the Commission may notify the
13 applicant in writing that additional time, not to exceed 30 days, is
14 needed.

15
16 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
17 Code

18 **Reference:** Sections 19853(a)(3) and 19931, Business and Professions Code
19

20 **Section 12236 Ineligibility for Licensing**

21 A requester shall be ineligible for licensing for any of the following causes:

22 (a) Except for an individual seeking licensing as “other employee,” an
23 individual applicant is under the age of 21.

1 (b) The requester has been convicted of any felony, including a conviction in a
2 court of the United States or any other state of an offense that is classified as
3 a felony by the laws of this state.

4 (c) The requester has, within the ten year period immediately preceding the
5 submission of the request to convert, been convicted of a misdemeanor
6 involving a firearm or other deadly weapon, gaming or gaming-related
7 activities prohibited by Chapter 9 (commencing with Section 319) or
8 Chapter 10 (commencing with section 330) of Title 9 of Part 1 of the Penal
9 Code, violations of the Gambling Control Act, or dishonesty or moral
10 turpitude.

11 (d) If the request to convert is for licensing as an owner, supervisor, or player,
12 the requester has been subject to a final administrative or judicial
13 adjudication revoking a registration or license under this chapter or a state
14 gambling license, key employee license, work permit or finding of
15 suitability or has had an application denied under this chapter or the
16 Gambling Control Act.

17 (e) The requester would be ineligible for a state gambling license under any of
18 the criteria set forth in Business and Professions Code section 19859,
19 subdivisions (b), (e), or (f), the terms of which are incorporated by reference
20 and hereby expressly made applicable to requests to convert under this
21 chapter.

22 (e) The requester would be ineligible for a state gambling license under
23 Business and Professions Code section 19858, the terms of which are

1 incorporated by reference and hereby expressly made applicable to
2 applications for registration under this chapter.

3 (f) The requester has violated one or more of the prohibitions set forth in
4 Subsection 12200.7(b)(5), (11) and (20) or Subsection 12200.7(c)(1) and (3).

5 (g) The requester has failed to comply with one or more of the requirements set
6 forth in Subsection 12200.7(b)(8), (9), (15), (16), (17), (18) or (21) or in
7 Subsection 12200.7(c)(2) and (e).

8 (h) The requester has failed to act in accordance with the requirements of
9 Subsection 12200.7(c).

10 (i) The applicant is ineligible based on any other provision of law.

11 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
12 Code

13 **Reference:** Sections 19853(a)(3) and 19931, Business and Professions Code

14 **Section 12237 Term of License**

15 All initial licenses shall be issued for a period of two years. Due to nonrecurring
16 workload problems associated with the processing of the first round of requests to
17 convert registrations to licenses, all other initial licenses that are granted within
18 two years of the effective date of these regulations shall be issued for a period of
19 two years. Beginning July 1, 2007, all licenses other than player licenses shall be
20 issued for a period of one year, except as otherwise provided by a subsequently
21 adopted regulation of the Commission.

1 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
2 Code

3 **Reference:** Section 19853(a)(3), Business and Professions Code
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